FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-142
Tuesday
23 July 1996

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Daily Report
Latin America

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Cuba

Cuba: U.S. Said Using 'Cover-Up Tactics' at UN

PA2307040696 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Jul 96

[Report by anchor Raul Luis Galeano; from the "Evening Information Review"]

[FBIS Translated Text] Cuba has accused the United States of using cover-up tactics in an attempt to impose a resolution at the UN Security Council, condemning the downing of two U.S. airplanes that violated Cuban airspace on 24 February.

In statements to Cuban correspondents in New York, Ricardo Alarcon, president of the National Assembly of the People's Government, said the United States is circulating a draft resolution against the island; adding it was only supplied to some of the Security Council member countries. He said the resolution strives to revert the unfavorable results obtained at the recently held meeting of the International Civil Aviation Organization [ICAO].

He emphasized that Washington wants to ignore the ICAO's joint views and jointly select the most favorable aspects of the report so the UN Security Council accepts them.

The final ICAO report, reached at the Canadian city of Montreal on 27 June, rejected the U.S. request to condemn Cuba and it barely noted the report from an investigation commission that was harshly criticized by most of the ICAO council members.

Informal consultations on the issue are being held today in New York, with the participation of the UN Security Council members.

Cuba: UN Security Council Urged To Defend Civil Aviation

PA2307012096 Havana Cubavision Network in Spanish 0000 GMT 21 Jul 96

[Report by special correspondents Carlos Iglesias and Andres Fernandez from the UN in New York; from the "NTV" newscast]

[FBIS Translated Text] Today, Cuba complained of U.S. attempts to make the UN Security Council endorse the report issued by the ICAO [International Civil Aviation Organization] investigating team even though the ICAO Council did not endorse it. Our special correspondents provide further details.

[Iglesias] Cuba complained that Washington distributed a draft resolution among a group of nations for the UN Security Council to endorse the team's report even though the ICAO Council did not endorse it, but instead criticized it for being contradictory, neglectful, incompetent, and manipulated. The Cuban press release points out that there is an attempt to disregard the ICAO Council's 27 June resolution, which is the only document that expresses the viewpoints of its members.

This press release, which was circulated at the UN, also states that it is inadmissible to accept selectively chosen details whose purpose is to predispose the UN Security Council against Cuba. It was also pointed out that it is the UN Security Council's duty to fight for the elimination of practices that affect the legitimate development of civil aviation and for the promotion of air security worldwide. Cuba urges the UN Security Council to demand that each state comply with its obligations with the International Civil Aviation Agreement. Moreover, Cuba underscores that it will oppose any attempt to use civil aviation inappropriately and that it will demand respect for and promotion of the states' sovereignty over their territories, waters, and skies.

The press release restated that what needs to be condemned is the deliberate and repeated violations of the island's sovereignty, which are being carried out without effective preventive measures by the country of origin of the violations. It also emphasized that the UN Security Council must conclude its discussions on this subject because otherwise this could harm the interests of the international community and those of worldwide civil aviation.

Cuba: Jamaica Returns 8 Illegal Emigrants; 1 Arrested

PA2207191696 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] On Sunday afternoon, a group of eight illegal Cuban emigrants arrived at the Ignacio Agramonte International Airport in Camaguey from Kingston in compliance with the understanding that the Cuban and Jamaican Governments have signed on this problem.

This entire group of emigrants is made up of males who reside in Granma Province. As usual, they were immediately transferred to a welcoming center in Camaguey to undergo mandatory procedures and to receive medical care.

Leroy Wicks and Cliffley Hayes, Jamaican immigration officials who accompanied the deported Cubans, told reporters that it was very positive for the Cuban and

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Jamaican Governments to take steps to return illegal emigrants.

Among this group of Cubans who have returned is Rigoberto Fonseca, who hijacked a fishing vessel in Granma Province last year.

The Cuban authorities arrested Fonseca in order to initiate the relevant legal procedures on every guarantee pertaining to this case. Fonseca must face charges for the serious crime of hijacking with use of firearms.

Cuba: Illegals Repatriated From Bahamas Arrive in Camaguey

PA2307022396 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 Jul 96

[Report by Ernesto Pantaleon Medina; from the "NTV" newscast]

[FBIS Translated Text] The largest group of illegal immigrants coming from the Caribbean arrived by air in Camaguey, coming from Bahamas, based on the agreement memorandum signed by that country and Cuba in January this year. The group totals 87 and they come from Matanzas, Havana, Villa Clara, Ciego de Avila, Camaguey, Las Tunas, and Holguin.

[Begin Bahamian Official Carlton Wrieth recording] I believe this repatriation program perhaps tells Cubans they will be repatriated if they arrive illegally. Anyone who arrives illegally in the Bahamas — Haitians, Cubans, Dominicans — will be repatriated to their respective countries. [end recording]

The group will remain at the center for the reception of illegal immigrants a few days, to undergo the medical checkups required by international health laws. From the very first moment of their arrival at the airport they were offered all kinds of special attentions, including emergency services for the sick. Once the necessary formalities are carried out they will be able to return to their respective provinces.

Cuba: Havana Renewal Progresses; Modern Offices Available

PA2307033996 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 17 Jul 96

[Report by Hilda Prieto and Maribel Puerto; from the "NTV" Newscast]

[FBIS Translated Text] National journalists today witnessed the restoration accomplishments in the city's historic center — not only its restoration as a patrimony to humankind, but also for the benefit of those living there.

In this tour with Historian of Havana City Eusebio Leal, we learned about the 900 buildings of high patrimonial value, which comprise the Old Havana renewal master plan. This includes homes, schools, clinics, retirement homes, and tourist installations.

We arrived in San Francisco Square through streets filled with construction workers. There, we were able to see the old Commodity Exchange building, which dates back to 1909. The installation, together with the adjacent building, will be the pioneers in the real estate business in Cuba. The joint Cuban-Spanish firm Aurea will convert it into modern offices for companies interested in starting operations in Cuba.

The first real estate business in the old Commodity Exchange building will open on 31 July.

Cuba: Roundup of Sugarcane Developments Through 22 Jul

PA2207155796

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 22 July.

The Cuban Workers Federation, CTC, on 13 July honored the sugarcane brigades that participated in the harvest. The Havana city volunteer machete-wielding workers cut more than 50 million arrobas of sugarcane, including 2 million arrobas cut during Operation Alejandro in Las Tunas Province, in the recently concluded harvest. This made them win the Winning Province banner. Politburo members Pedro Ross and Esteban Lazo decorated the most outstanding machete-wielding workers, brigades, operators, and battalions. The Armando Mestre and (?Jorge Dimitrov) were the best brigades in technical guidelines and collection, respectively. Rafael Pena, Orlando Castellanos, and Roberto Alfonso were individuals who stood out by cutting more than 100,000 arrobas each. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 14 Jul 96)

A solid productive response, along with growing economic results, distinguish Holguin Province's metallurgy industry. The notable presence of the industrial group of the agricultural machinery of the Sime (Steelworking Industry) in Holguin in the results that decided the site of the 26 July festivities could be exemplified by any of the seven companies that form the metallurgy industry in this province. The basic presence stems from the manufacturing of sugarcane harvesters and spare parts to guarantee the country's main economic activity. Miguel Gonzalez, delegate of the Metallurgy and Electronics Industry Ministry in Holguin, explained how the KPT2M sugar combines were incorporated into the

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sugarcane harvest. (Havana Radio Rebelde Network in Spanish 1700 GMT 16 Jul 96)

Scientists will start today in Varadero three days of analyses and evaluations on biotechnology to be used in plantations, the exchange of sugarcane varieties, and the incorporation of by-products in industrial life. On 16 July, delegates from eight Latin American countries listened to Antonio Mesa, who is leading sugarcane investigations on the search for sugarcane varieties that are resistant to diseases and plagues. (Havana Radio Rebelde Network in Spanish 1155 GMT 17 Jul 96)

More than 19,000 caballerias of sugarcane have not been weeded out in the country, because the weeding rhythm is insufficient. If this pattern is kept, the yields of the upcoming harvest could be adversely affected. According to GRANMA's Juan Varela Perez, the losses weeds cause on the agricultural yield of sugarcane could be from 67 to 86 percent. Varela warns that if the weeding of fields is delayed until August, the losses on the sugarcane stumps will be irreversible. This is why in the days prior to 26 July, more efforts must be made and more resources must be allocated to this significant agricultural activity. (Havana Radio Rebelde Network in Spanish 1700 GMT 17 Jul 96)

Approximately 650 caballerias of sugarcane had different degrees of weeding by 10 July despite the manual efforts made. Although Havana seems to be the least harmed province with these levels of weeding, it does not mean it is doing well, only slightly better, if we take into account the harm weeds cause to sugarcane. The Hector Molina, Camilo Cienfuegos, Friendship with People, Gregorio Arie, and Ruben Martinez complexes have more fields that have not been weeded out. Meanwhile, the Manuel Pajardo, Augusto Cesar Sandino, Eduardo Garcia Lavandero, Havana Libre, Pablo Noriega, and Osvaldo Sanchez complexes are facing more favorable situations. During the current cold season that started on 1 July, the Sugar Industry Ministry must plant 491 caballerias. (Havana Radio Rebelde Network in Spanish 1155 GMT 18 Jul 96)

Throughout Las Tunas Province, workers have become the protagonists of significant activities promoting the main economic, production, and social programs the territory will conduct on 26 July. Pedro Jimenez, Communist Party of Cuba delegate in Jobabo municipality, said that workers are planning to have all sugarcane fields free of weeds by 20 July. (Havana Radio Rebelde Network in Spanish 1155 GMT 19 Jul 96)

Haiti

Haiti: Dismissed Military Group Leader Armand Killed

PA2207164696 Port-au-Prince Signal FM Radio in Creole 1130 GMT 22 Jun 96

[From the "073J Appointment" newscast]

[FBIS Translated Text] The leader of the Rally of Military Dismissed Without Reasons [Ramiresm] was shot this past weekend. He was shot by armed bandits in his shop in a Delmas neighborhood. The people who killed the Ramiresm leader ran away after committing this crime. The reason for this killing is still unknown and they have yet to identify the people who shot Mr. Armand on 20 July.

Mr. Armand is one of the men who had accused political parties of having firearms at their disposal with the alleged design of scheming disorders in Haiti. Additionally, Mr. Armand had denounced and accused a lot of former military of being allegedly ready to start wrongful actions in Haiti today. Mr. Andre Armand is also one of the people who had accused former political leader (Carl Denis), who is now in exile, and who had allegedly announced that he would commit destabilizing actions in Haiti.

We are also informing you that with this death the total of deaths for the past weekend in Port-au-Prince totals three. A money changer called Maurice was also shot, in the Rue Pavee area, yesterday, 21 July.

Haiti: Correction—'Plot' To Assassinate Preval, Aristide

PA1707182796

The following correction pertains to the item headlined "Haiti: 'Plot' To Assassinate Preval, Aristide Rumored," published in the 17 July Latin America DAILY REPORT, page 14:

Please make sourceline read ...Port-au-Prince Radio Quisqueya in Creole 1600 GMT 16 Jul 96... (correcting spelling of name of radio)

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Mexico: PAN Leader on Tabasco Figures, Zedillo

96P20464A

[FBIS Report] Former National Action Party (PAN) Tabasco gubernatorial candidate Juan Jose Rodriguez Prats criticized recent government findings that undercut Party of the Democratic Revolution (PRD)-backed investigations into the "Tabascogate" electoral funding abuse case, asserting that "the struggle" against Tabasco Governor Roberto Madrazo "is not just PRD President Andres Manuel Lopez Obrador's fight, but also that of most citizens in the state." (LA JORNADA 19 Jul — received via Internet)

"What a shame," Rodriguez Prats said in an interview with LA JORNADA, "that it's necessary to go to a foreign tribunal to denounce the $72 million expenditure because here there is no desire to see justice done." Criticizing President Ernesto Zedillo, he said that there is nothing more dangerous than when the words of a president cannot be trusted, recounting: On Tuesday Zedillo backs Madrazo and then on Thursday says he is against impunity.

Earlier, Lopez Obrador described the exculpatory findings of one government investigation into the case, done by the Finance and Public Credit Secretariat's Office of the Prosecuting Attorney, as "greetings sent to me by the president" on the occasion of his recent election to the PRD presidency. (LA JORNADA 16, 17 Jul — received via Internet)

Mexico: Police Officers Protecting Cartel Capo

96GE0079C Mexico City EXCELSIOR in Spanish 2 Jul 96 p 34A

[Article by Rafael Medina Cruz]

[FBIS Translated Text] A municipal police commissioner from Nuevo Laredo, Tamaulipas, and a motorcycle police commander from the same town, who were selling protection to and acting in the service of Juan Manuel Chapa Martinez, a member of the Gulf cartel (arrested 24 hours ago by the PGR [Office of the Attorney General of the Republic]), were remanded to the judicial authorities for being implicated in that criminal organization. The Federal Judicial Police succeeded in establishing the guilt of Hector Cadena Delgado and Jose Marcos Gutierrez Marcos, a municipal police commissioner and commander, respectively, after discovering various documents and photographs linking the two ex-public servants to the presumed drug trafficker, Chapa Martinez.

According to the federal agents' investigations, the two officials had been furnishing protection and doing favors for the Gulf cartel member, Chapa Martinez, since June 1995.

Also captured was Braulio Yanez Cabriales who, when making his statement, admitted being an employee of Juan Chapa Martinez, whom he knew by the name of Garza.

Braulio Yanez Cabriales, who also is connected with the murder of one person and with vehicle thefts, was arrested on Fifth Street in Nuevo Laredo's Colonia Leona Vicario. Juan Manuel Chapa Martinez was captured less than 48 hours ago in Tamaulipas, with several firearms and packages of cocaine in his possession.

Mexico: Roundup of Economic Developments Through 22 Jul

PA2207214396

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 22 July.

The National Bank of Mexico, Banamex, has reported that it has issued $350 million in subordinated debts with a compulsory convertibility into L shares of the Banamex-Accival Financial Group, Banacci, according to a 15 July report datelined Mexico City. The debt issue carries an 11 percent coupon rate with a maturity date set for the year 2003. The bank states in a communique that this is the first time that Mexican banks place a debt issue on the international capital markets since the 1994 peso devaluation. (Mexico City NOTIMEX in Spanish 2333 GMT 15 Jul 96)

The National Banking and Securities Commission, CNBV, estimated that the overdue portfolio of Mexican credit hard holders added to additional authorized credit due in December 1996 totals 20.975 billion pesos ($2.6 billion), according to a 15 July report datelined Mexico City. The CNBV says that 35.4 percent of that amount has been authorized by Banamex, Mexico's main bank, followed by the Bank of Commerce, Serfin Bank, and 12 other banks. (Mexico City NOTIMEX in Spanish 1831 GMT 15 Jul 96)

The Bank of Mexico (Banxico) reported today that Mexico's international monetary reserves dropped by $93 million during the week between 5 and 12 July, and stand at $15.371 billion. The Banxico communique explained that international net assets increased by $76 billion during the same period. Banxico added that the monetary base balance rose 2.526 billion pesos due to a temporary pick up in demand for currency. (Mexico City NOTIMEX in Spanish 0218 GMT 17 Jul 96)

The Finance and Public Credit Secretariat and Banxico have reported that the June trade balance registered

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a $591 million surplus. This is a 17 percent drop compared to June 1995. Analysts have said that imports have been climbing at a higher rate than exports since April. Imports increased by 16.8 percent in June alone, totaling $7.42 billion, while exports went up by 13.3 percent, totaling $7.633 billion. (Mexico City REFORMA in Spanish 17 Jul 96 p 1 — received via Internet)

The National Confederation of Cattlemen has reported that Mexico's trade balance surplus totaled $3.342 billion for the first five months of the year. This is a 35-percent improvement over the same period of 1995. International reserves at the care of Banxico totaled $15.955 billion at the end of May, a $471 million improvement over December 1995. (Mexico City EL FINANCIERO in Spanish 18 Jul 96 p 28 — received via Internet)

The National Institute of Statistics, Geography, and Information Science has reported that 2.25 million Mexicans were jobless in the first half of 1996. The unemployment rate among the economically active sector of the population rose to 5.6 percent in June after falling to 5.4 percent in May. The May rate was a 15-month low. (Mexico City EL FINANCIERO in Spanish 18 Jul 96 p 23 — received via Internet)

According to the National Institute of Statistics, Geography, and Information Science, INEGI, Mexico's open unemployment rate was 5.6 percent during the second quarter of 1996. The economically active population currently amounts to 36 million Mexicans. (Mexico City LA JORNADA in Spanish 18 Jul 96 p 1 — received via Internet)

The Secretariat of Environment, Natural Resources, and Fisheries reported that national fish production increased by 651,813 tons between January and March, 7.2 percent more in comparison to the same period last year. Between January and April, this sector registered a favorable balance of $178.74 million because exports amounted to 73,825 tons worth $209 million, while imports amounted to 28,441 tons worth $30.324 million. (Mexico City EL FINANCIERO in Spanish 19 Jul 96 p 1 — received via Internet)

The Mexican Association of the Automobile Industry disclosed that wholesale and retail sales increased by 57.2 and 8.2 percent respectively during the first half of this year. During this period, 503,474 units were exported, an increase of 38.2 percent. Total production amounted to 622,176 vehicles, an increase of 36 percent over the same period in 1995. Export production was 114,918 units, an increase of 21.3 percent in comparison to the first half of last year. (Mexico City EL FINANCIERO in Spanish 19 Jul 96 p 1 — received via Internet)

INEGI has reported that retail sales increased by 0.7 percent in real terms last May in comparison to the same month in 1995. In addition, wholesale sales increased by 7.7 percent. (Mexico City REFORMA in Spanish 19 Jul 96 p 1 — received via Internet)

According to a Mexico City, 21-July datelined report, the Communications and Transportation Secretariat, SCT, announced that local and foreign private companies will invest $5.8 billion in 1997 for local and long-distance telephone service. They will install a network of 51,000 km of fiber optics cable. Next 10 August 10 local and foreign private companies will begin providing telephone service, mainly long distance, to corporations. (Mexico City NOTIMEX in Spanish 1846 GMT 21 Jul 96)

According to a Mexico City, 21 July-datelined report, SCT sources reported that Mexico will have a larger participation in ICO and Teledise international projects. Currently Mexico's satellites, Solidarity I and II and Morelos II, cover an area of 16 million sq km, but this coverage will increase within a few years. Morelos II will be replaced next year by a new satellite that will tenfold its power and double its communications capacity. (Mexico City NOTIMEX in Spanish 1650 GMT 21 Jul 96)

According to a Mexico City, 21 July-datelined report, Mexican Cement Company, Cemex, purchased Colombia's Diamond Cement Company for $400 million this year and it will invest $200 million more to increase that company's production capacity. Cemex also signed a letter of intent to buy Colombia's Samper Cement Company for $200 million. Currently Cemex controls 20 percent of the Colombian market worth $700 million. In addition to Latin American operations, Cemex monthly exports 1,100 tons of cement to Asia. (Mexico City NOTIMEX in Spanish 1855 GMT 21 Jul 96)

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Guatemala

Guatemala: Police Capture 50 Illegal Aliens

96CA0260A San Jose LA NACION in Spanish 15 Jul 96 p 1

[Unattributed article: "50 Undocumented Central Americans Caught" — received via Internet]

[FBIS Translated Text] Guatemala (ACAN-EFE)—Over 50 Central Americans traveling to the United States illegally have been caught in the outskirts of the Guatemalan capital, an official scurce reported yesterday.

The undocumented individuals were on a bus outside the urban area and on their way to the Mexican border when they were arrested by security forces.

Police said that two so-called *coyotes* or *polleros* (traffickers in illegals) tried to bribe officers to allow the vehicle to continue on its way.

Nevertheless, the officers refused the bribe (almost $500) and turned both traffickers and the Central Americans over to the courts so that they may be deported to their respective countries on Sunday.

Most of the 55 undocumented individuals were Salvadorans, the official report states.

Guatemala: 969 Cases of Human Rights Violations Reported

96CA0260B Guatemala City PRENSA LIBRE in Spanish 16 Jul 96 p 1

[Received via Internet]

[FBIS Translated Text] During the first six months of this year, 969 cases of human rights violations were recorded, a 26-percent increase over the total reported during the same period of 1995. The figures are taken from a Mutual Support Group (GAM) report released yesterday by the Foreign Center for Informational Reports on Guatemala (CERIGUA).

The report notes that one salient feature of the GAM report is that no case of lynching was recorded last year, while 31 such incidents occurred between April and June of this year.

GAM records report 771 cases of violations of individual guarantees during the first half of 1995, including: 447 murders and 61 extrajudicial executions, 52 assaults and 38 death threats.

From January to June 1996, this same humanitarian organization recorded 488 murders, 37 extrajudicial executions, 225 kidnappings (70 of children), 58 assaults and 36 [death] threats, among other cases, all of which totaled 969.

Guatemala: Operation Costs Exceed Investments

96CA0260C Guatemala City PRENSA LIBRE in Spanish 18 Jul 96 p 1

[Unattributed article: "Government Spends More on Operations Than Investments, Finance Reports to Congress" — received via Internet]

[FBIS Translated Text] Government investment expenditures amounted to 13 percent of the total from January to April: 317.1 million of the 2,426.5 billion quetzals spent, the Ministry of Finance has reported to Congress.

The government (including the Legislature, General Accounting Office, CGC, and the Office of the Attorney General, FGN), spent 499,865,000 quetzals more than the amount spent during the same months of 1995.

Some 60 percent of the money spent went for financing, while 27 percent went for payments on the public debt. Spending reflects the trend of previous years, although in the Central, 8th (Petn) and 6th (southwestern) regions, the highway program absorbs more investments, along with the Ministry of Communications.

Nothing for Security

Nothing was spent on security, although a 14-percent increase is claimed under the general heading of Defense and Internal Security. The Ministry of Defense spent 23.7 million quetzals on its own programs, programs which are unrelated to internal security.

Presidency Spends 44 Percent on Travel

The Office of the President spent 44 percent of its allocated funds, 2.5 million of the total 5.8 million quetzals, on Item 064, travel expenditures for representations and commissions abroad, without counting the president's trips to Taiwan and Canada. The total allocation for Item 599, 2 million quetzals, was also spent, earmarked for other construction repair work under contract.

No Employers Quota Paid

The Ministry of Health was the only entity to pay the employer's portion into the Guatemalan Social Security Institute (IGSS), amounting to 31 million quetzals, this despite the fact that every government institute or organization was to budget the monthly payment of such quotas: water, electricity and telephone, according to Article 11, Chapter IV of Decree 91-95.

Unauthorized Program Expenditures

The Ministry of Defense spent 806,000 quetzals on Items 079, 199, 233, 242, 243, 318 and 331, although no funds had been so allocated in the budget. Likewise,

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the Ministry of Economy spent 35,000 quetzals on items for which no funds had been budgeted.

Education spent nothing on building maintenance, equipment and transportation, but the Health Ministry invested 11.1 million of its 109.4 million quetzals on medicine, while Energy and Mining spent 69,788 more than the amount earmarked for Item 079.

Guatemala: Inflation Down, Revenues Up in 180 Days

96CA0260D San Jose LA NACION in Spanish 18 Jul 96 p 1

[Received via Internet]

[FBIS Translated Text] Guatemala (ACAN-EFE)—The administration headed by Conservative Alvaro Arzu managed to reduce inflation by 3.2 percent and to raise fiscal revenue by 18.8 percent during its first 180 days, official Guatemalan sources reported yesterday.

According to the Economic Cabinet, which includes the Ministries of Economy, Finance, Energy and Mining, Agriculture, the Central Bank and the Office of Secretary of Planning, inflation was 8.6 percent when Arzu took power on 14 January.

Finance Minister Jose Alejandro Arvalo explained at a press conference that he inherited empty coffers and a domestic debt of 3,039,000 million quetzals (about $499.83 million).

However, he noted that despite the signs of a deceleration, the government designed an overall economic policy during the first 180 days that resulted in a reactivation and the correction of financial imbalances.

As a result, the official emphasized, accumulated inflation this year amounts to 5.4 percent, while international reserves have increased by $7.4 million to a total of $647.2 million.

Arvalo explained that fiscal revenue increased 18.8 percent compared with the first half of 1995.

Although 3,786.2 million quetzals were taken in (about $622.73 million) between January and June, the goal of 4.191.3 million (about $689.35 million) was not reached, he said.

Concerning the foreign debt, the minister of finance said the 1995 parameters had been maintained: about $1.14 billion.

"Guatemala's foreign debt is manageable and the lowest in Latin America," Arvalo told ACAN-EFE.

Other achievements of the 180 days, the Economic Cabinet said, include the 2-percent drop in bank interest rates, from 24.5 to 22.5, and the achievement of a stable exchange rate compared vis-a-vis the American dollar, which is currently 6.08 quetzals.

The minister said that even though 180 days is a very short period of time, the government has initiated the process of transforming traditional economic policies by a new realistic and rational—but not populist—focus.

He emphasized that in the course of these six months, the Economic Cabinet has supported peace negotiations with the guerrillas of the Guatemalan National Revolutionary Unity (URNG) and backed moves aimed at obtaining international cooperation.

The Cabinet maintains that there is no economic recession in Guatemala, contrary to the claims of some sectors, insisting instead that what one does observe is moderate growth in certain productive activities.

Guatemala: Drug Mafia Hit Hard

96WD0061A San Jose LA NACION in Spanish 15 Jul 96 p 1

[Received via Internet]

[FBIS Translated Text] Guatemala (ACAN-EFE)—A cache of 401 kilos of cocaine hidden in a closet and worth an estimated $9.8 million was seized by Guatemalan narcotics police yesterday. Two Guatemalans were also captured in what was described as a "stiff" blow to the international drug mafia.

The operation was staged last night (Saturday) by the Department of Counterdrug Operations (DOAN), the operational arm of the Finance Guard. Agents raided a residence in the eastern district of the Guatemalan capital which had served as a stash house for the traffickers.

Those captured in the raid on the residence were identified as Guatemalans Edwin Cabrera Ramos and Lazaro Piril Ramos, whose ages were not given.

One official from the Finance Guard, which bears responsibility for fighting narcotics cultivation, consumption and trafficking, called the cocaine seizure "spectacular."

The police chief said the drugs were hidden in a closet at the residence.

Ministry of Interior records show that to date in 1996, DOAN has seized at least $64.14 million worth of drugs.

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Honduras

Honduras: Judge's Partiality in Officer's Case Rejected

PA2307043696 San Pedro Sula TIEMPO in Spanish 20 Jul 96 p 4

[FBIS Translated Text] Tegucigalpa — Armed Forces Commander General Mario Hung Pacheco once again criticized yesterday, the application of justice in Honduras when he asserted that Choluteca Department Judge Celino Aristides Aguilero's attitude in the case against Colonel Aben Claros Mendez "was not equitable."

Hung Pacheco's criticism arises from the fact that Claros Mendez's attorney was not allowed to be present at the beginning of the inquiry because of his alleged participation in the forced disappearance of people in the past decade.

"I want people to judge if it is equitable to take out defense lawyers," the military commander commented. He also implied that the Armed Forces will not present more officers. "If we see there is partiality, I don't know what will happen in this country," he added.

Honduras: Inflation Surpasses 12 Percent

96CA0259A San Jose LA NACION in Spanish 13 Jul 96 p 1

[Received via Internet]

[FBIS Translated Text] Tegucigalpa (ACAN-EFE)—Interannual inflation in Honduras reached 12.1 percent at the end of June, Central Bank President Hugo No Pino reported yesterday (Friday).

Pino added that the rate of inflation in June was 2.5 percent due to higher prices for foodstuffs, clothing, housing, personal grooming and household expenditures.

The Honduran Government had hoped to end the year with a rate of inflation under 13 percent, but that objective could not be met because of the poor results achieved during the first half of the year.

Business sources estimate that inflation in Honduras surpasses 25 percent.

Honduras: Drug Trafficking Penetrates Politics

96CA0259B San Jose LA NACION in Spanish 16 Jul 96 p 1

[Received via Internet]

[FBIS Translated Text] Tegucigalpa (ACAN-EFE)—Ramon Custodio, chairman of the Honduran Human Rights Defense Committee (CODEH), reported yesterday (Monday) that politics in this country has been penetrated by drug trafficking.

Custodio told ACAN-EFE that the bookkeeping records of the political parties should be investigated because he believes that the parties may be receiving funds from two sources: one official, given to the campaign of every political organization; and a second, with the origin of the "dirty money" being unknown.

The head of the humanitarian organization recommended that politicians not become involved in such criminal activity because they will be questioned about it, even by officials in the American Government, whether under this or the next administration.

Initial reports of drug trafficking's penetration of Honduras first surfaced in the '70's, when a number of military officials were named as having allegedly had contact with drug cartels in South American countries.

In the 1980's, this country became a transshipment point for drug traffickers sending cocaine from South American countries to the American market.

Although drug trafficking has not ceased in the '90's, civilian and military sources say that traffickers no longer pay in money. Rather, the currency is the cocaine itself, which is then sold on the local market.

Carlos Sosa Coello, chairman of the National Congress' Antidrug Committee, believes that cocaine consumption has penetrated the country more easily than marijuana.

In addition, with respect to money laundering, Martin Barahona, president of the College of Economists of Honduras, said yesterday that some sectors engage in this activity, while others allegedly receive dirty money for various types of crimes.

He added that no figures are available on the amount of dollars being laundered in Honduras.

Speaking in the city of La Ceiba in the nation's Caribbean region, Deputy Byron Suazo from the ruling Liberal Party of Honduras said that businessmen in the community—whom he did not identify—are reportedly involved in money laundering.

Suazo said that La Ceiba businessmen live in "wooden houses" here while "making investments in the millions in Honduras and Central America." Money laundering is not classified as a crime in Honduras, which local analysts say is the result of the "weakness" of justice.

Nevertheless, authorities are making an effort to halt drug trafficking. So far this year, police operations have netted over 1,000 kilos of cocaine.

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Honduras: Accountability for U.S. Forces Sought

96CA0259C San Jose LA NACION in Spanish 17 Jul 96 p 1

[Unattributed article: "Judgment Sought Against Those Allowing U.S. Military Presence" — received via Internet]

[FBIS Translated Text] Tegucigalpa (ACAN-EFE)—The possible withdrawal of American troops has awakened a new feeling of nationalism in Honduras, where calls are even beginning to be heard for legal action against those who authorized their stationing.

The departure of the 500 American troops from the Palmerola base in the central region of Honduras is now being demanded by social sectors who have always opposed their coming, deeming it to be an abuse of and offense against national sovereignty.

The announcement in Tegucigalpa on Monday of a recommendation made by the General Accounting Office of the U.S. Congress to the Department of Defense in 1995 that there is no longer any justification for an American military presence in Honduras has awakened the new nationalist sentiment in that Central American country.

Among other things, the recommendation notes that the American military presence should be reduced to the level needed to support antidrug activities. It adds that military training is very costly and the presence is not permanent.

Juan Almead Rez, head of the People's Organizations Coordinating Committee (CCOP) and former rector of the Autonomous National University, demands the withdrawal of the American troops, alleging that their presence "offends the national dignity and sovereignty." He adds that American military troops have contributed to prostitution and to the spread of such diseases as Acquired Immunity Deficiency Syndrome (AIDS).

Ramon Custodio, chairman of the Honduran Human Rights Defense Committee (CODEH), recalled that the Americans built the Palmerola base within the framework of the protocols attached to the military agreements signed by Washington and Tegucigalpa in 1954.

The protocols were approved under the administration of Roberto Suazo Cordova, a liberal provincial doctor for whom American troops even paved the access road leading to his private residence near Palmerola.

"Executive power has no jurisdiction to authorize a permanent American military presence in the country and furthermore, the protocols were never ratified by Congress," Custodio emphasized, demanding "respect for sovereignty." The chairman of CODEH said that when the time comes, "legal action should be taken against those who violated the law by permitting the presence of American troops."

Similar sentiments were expressed by Deputy Gautama Fonseca of the governing Liberal Party, who said that the Attorney General's Office should demand accountability from those who authorized the stationing of American military troops.

At the beginning of the 1980's, with the permission of the Honduran Government and military, the United States stationed a powerful "Bravo Task Force" at the base at Palmerola in the central department of Comayagua.

The United States built an air base for that task force at a cost of some $30 million. The base became the main operations center for combined exercises and joint military maneuvers in a clear warning to the Sandinist regime in Nicaragua and guerrillas operating in El Salvador.

The permanent presence of at least 2,000 American soldiers in Palmerola has given Honduras a poor image abroad, causing it to be labeled the "American aircraft carrier" or the "Pentagon's back yard," among other things.

Paul Kozelka, spokesman for the American Embassy in Tegucigalpa, observed again yesterday that the American military presence in Honduras results from a "joint agreement, and we are here because we were invited here as the guests of the government of Honduras. We are fighting drug trafficking and are engaged in humanitarian actions, and so far things are going well for both sides."

Honduras: AIDS Kills More Than 1,000

96P20461A

[Received via Internet]

[FBIS Report] Sunday, July 7, official sources announced that some 1,015 people have died from Acquired Immune Deficiency Syndrome (AIDS) in Honduras since the first case was reported in 1985. According to San Jose LA NACION, health authorities have registered some 7,000 AIDS cases, but another 80,000 people could be carriers of the fatal disease. (LA NACION 8 Jul)

According to Honduran and UN health sources, Honduras has seven times the number of AIDS cases than the United States, and 200 times as many as Japan. Officials have registered 8,300 AIDS cases through June

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1996, and Honduras vies with Belize and Guyana for first place.

Jorge Fernandez, chief of the AIDS and Sexually Transmitted Diseases Division in the Public Health Department, emphasized that the disease's spread is "alarming." The sector of the population with the highest incidence is the 20-35 age group. He said authorities could lose control of the situation, both in Honduras and throughout the region.

Fernandez explained that there are some 5.8 million Hondurans, 70 percent of whom are poor, and that each year poor countries receive less assistance from developed countries, which is one of the problems. Citing health organizations, LA NACION noted that poor countries have the greatest incidence of AIDS, even though the disease emerged in developed countries. Ninety percent of AIDS cases are registered in the poor, third-world countries, while the remaining 10 percent are in the developed countries. (LA NACION 11 Jul)

Nicaragua

Nicaragua: Mayorga Outlines Party Goals

96CA0256A Managua EL SEMANARIO in Spanish 28 Jun-4 Jul 96 pp 10-11

[Interview with PAN (National Action Party) and Force Alliance presidential candidate Francisco Mayorga by Edgard Solorzano; place and date not given; first two paragraphs EL SEMANARIO introduction]

[FBIS Translated Text] Francisco Mayorga, presidential candidate for the PAN and Force Alliance, is dressed in impeccable whites at his Coffee Bank offices. Pondering his remarks, he begins to outline his government program, defining the alliance as a movement of people of faith who want to serve the people. He likewise criticizes the decisions of former Minister Antonio Lacayo and situates the alliance at the center of the election picture, not as a political orientation, but rather, as an alternative way to confront the extremes represented by Aleman and Ortega.

Born in 1949 in the city of Leon, Mayorga is married and has two children. An economist by profession, he has taught at several of the country's universities and served as a consultant to various private institutions. Speaking for himself personally, he says that the greatest legacy that he can leave behind is the fact that no one can accuse him of stealing a cent, adding that his honesty is his main asset.

[Solorzano] What motivated you to accept the presidential candidacy for the PAN and Force Alliance?

[Mayorga] I have served in various capacities in the political life of our country at a time when I believed that as a citizen, I had to contribute my own "grain of sand." I did so in opposition to the Somoza dictatorship and later on, when I deemed that it was necessary to seek a democratic, civilized way out of the conflict racking Nicaragua during the 1980's. It was for this reason that I first began to participate in the peace process and the elections as an adviser and as a minister in the government of Violeta de Chamorro.

[Solorzano] But in recent years, you have stayed out of political life.

[Mayorga] Yes. I have become involved in certain aspects of our country's public life when I deemed it indispensable.

[Solorzano] How did you manage to get back in?

[Mayorga] Last year, a group of Catholic and Evangelical friends came to my house to inform me that over 40 percent of all Nicaraguans were concerned because they did not support any of the extremes. That percentage of Nicaraguans felt there was no one to vote for. Whence came the idea of organizing a movement that would provide people who had never had an opportunity to participate in the nation's political life a way to do so. It would be a movement that would try to promote the participation of Christians, both Catholic and Evangelical, willing to stand up before the nation and assume their responsibilities as citizens and offer the country an alternative.

[Solorzano] Why did you agree after so many years of being out of politics?

[Mayorga] I thought it was the time to resume my responsibilities as a citizen, which is why I have returned to the arena.

[Solorzano] You created Force 96 after quitting the UDC [Christian Democratic Union]. To what can one attribute this situation of being a candidate outside of the Christian Democratic movement?

[Mayorga] By virtue of my training and background, I have been a Christian Democrat from the time I was very young. And yet, I never actively participated in Social Christian parties and it was not until the opportunity presented itself to bring that family together that I agreed to serve as an adviser. I acted as a consultant without occupying any post or political position in the party. At a given moment, I observed that the behavior of the UDC leaders was highly erratic, politically speaking, and that they were not willing to follow advice. That is when I resigned.

[Solorzano] As a former adviser to the UDC, do you believe that the alliance they formed with Alvaro Robelo was a mistake?

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[Mayorga] It is typical of the kind of errors that they have been making.

[Solorzano] You said at the beginning of this interview that Force 96 was seeking the Christian vote. How important are those votes under the current circumstances?

[Mayorga] The votes are not as important as their leaders. In Force 96, we promote the leadership of people linked to the social work of the churches, people committed to the poor without receiving any kind of salary or reward other than the Christian satisfaction of serving. We believe that those are the kinds of people who can truly aspire to be elected to public office and enter government service without seeking any personal benefit.

[Solorzano] And yet, it is obvious that PAN and Force are deliberately seeking votes in that quarter.

[Mayorga] There are people in the alliance who have connections in those sectors. I believe we will obtain the votes of those persons who know them and know they are good people and good candidates.

[Solorzano] Where would you situate PAN and Force in the election picture in Nicaragua?

[Mayorga] We cannot be labeled. We are obviously not an extremist party. We do not agree either with the far right represented by Arnoldo Aleman or the far left represented by Daniel Ortega. We are a movement of God-fearing people of faith who try to promote a change that will help the poor.

[Solorzano] How do you propose to achieve that goal?

[Mayorga] With a government made up of honest, capable people.

[Solorzano] And in economic terms?

[Mayorga] We want free enterprise with social justice. Speaking for myself personally, I want Nicaragua to be a country of property owners. The government must promote the common good and actively defend those who are the poorest. The role of the government is not to direct the economy or control the life of the citizenry from an all-powerful state such as the one promoted by Sandinism. Nor can it be a state that will promote uncontrolled capitalism as the liberals do, viewing the state's role as one of merely aiding the operation of entrepreneurs. On the contrary, we believe that the government must promote economic democracy by using all the resources it has at its disposal in order to promote the advancement of the most humble people.

In the economic field, these elements to which I was referring will enhance the opportunity of every individual and every family to prosper, without necessarily having to take anything away from anyone in order to give it to the poor.

[Solorzano] Could you give an example?

[Mayorga] Antonio Lacayo seized tons of credit and concentrated it in 30 or 40 big entrepreneurs and landowners who sucked up a mountain of resources. As a result, the small producer, the farmer, was denied access to credit. Now the same big interests that absorbed all the credit are taking the poor people's land away from them. Where will this all lead? To a process of concentrated land ownership far more voracious than what we had under the worst excesses of Somocism.

We reject policies that promote the concentration of income and wealth. We believe we must promote social stability and social justice.

[Solorzano] In specific terms, what social proposals are you advancing?

[Mayorga] The government must guarantee minimum access to possibilities of survival in this phase and of well-being for poor people. That is why we are the only party that has proposed a School Lunch Program.

[Solorzano] Is that a kind of proposal made by a paternalist state?

[Mayorga] The liberals, the members of PRONAL [National Project] and of the FSLN [Sandinist National Liberation Front] who are reorganizing their thoughts say that this is no time for subsidies or paternalism or any social welfare system. And yet, the country is experiencing a grave emergency. We are facing a crisis of poverty and hunger and if we do not do something, we shall leave the coming generation with the stigma of hunger and sow the winds of social stability [sic] that may turn into turmoil tomorrow.

[Solorzano] How do you intend to revive the economy?

[Mayorga] We intend to reactivate 100,000 of the 350,000 manzanas that were left idle, land planted in 1977 but that has lain fallow for years. At an average cost of some $400 per manzana for redevelopment, we are talking about $40 million. Based on our calculations, a credit of $400 per minienterprise will help generate jobs in such enterprises, meaning that $40 million will create 100,000 jobs in urban areas. At the same time, the 100,000 manzanas redeveloped in rural areas will create 100,000 jobs at a cost of about $80 million.

Over $500 million in foreign aid has come into the country annually in recent years and the international community has just announced that it will give the country $600 million a year for the next two years. Can we not reorganize the use of that outside aid in such

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a way as to earmark some $40 million of that $600 million to revive agriculture and another $40 million to generate 100,000 jobs in the cities? Indeed I believe we can!

[Solorzano] But if there were some inflexibility on that end, would the program collapse?

[Mayorga] I do not believe it would. Simply by controlling corruption, we would achieve substantial economic gains for the government because corruption eats up the schools, highways, health care and credit that should be used for poor producers. If we get a handle on corruption, there will be adequate resources for the economic and social programs proposed by PAN and Force.

[Solorzano] Judging by the statistics, one has the impression that this rhetoric has not taken with the voters because PAN and Force have still not marked up great gains in terms of voting intentions.

[Mayorga] It is a very striking fact that the May polls, which are normally published in the second week in June, took so long to be processed and published. We know that strange things are happening that are beginning to disconcert pollsters and the parties that pay them. However, we have not in fact begun any massive campaign to get our message to poor people, first of all, and to Nicaraguans in general, telling them that we do offer a real alternative for the October elections.

[Solorzano] What is the reason behind this?

[Mayorga] Force 96 is a very young party. It began to organize in mid 1995, received its legal status in March of this year, and we immediately set to work on the process of forging this alliance with PAN. We were the last party to register our list of candidates, but we were the fourth-ranking party in terms of the number of registered candidates. The only ones who had more registered candidates than we did were the FSLN, the Liberals and PRONAL. That means that we have the fourth-largest political machine in the country.

[Solorzano] How large of a membership does the alliance have?

[Mayorga] We have over 40,000 affiliates. Right now we are training our candidates in our campaign style, which will be very different from that of traditional parties.

[Solorzano] And the difference is?

[Mayorga] It will be revealed along the way. I can tell you that it will be a campaign strategy with a profoundly missionary meaning. We will not have widespread media coverage.

[Solorzano] Why not?

[Mayorga] Most of the mass media here are committed to their own candidates. The important thing is that we are very optimistic that the large number of undecided voters that exist right now will take a look at us and that our message will be well-received.

[Solorzano] When UNO [National Opposition Union] won in 1990, Dr. Mayorga promised that the economy would be on its feet in 100 days.

[Mayorga] That is not true. I never promised that. I said I would halt inflation in 100 days, that I would issue a currency on a par with the dollar and halt inflation with that currency. However, I also said something at the time that the FSLN, which controlled all the media, never said. I said that before the Berlin Wall collapsed, we would destroy the socialist system and build a free economic system in Nicaragua, and I did it.

[Solorzano] But the plan did not work according to your calculations.

[Mayorga] I promised to issue a currency on a par with the dollar and I did so. The gold cordoba is now circulating. I did not stop the devaluation in 100 days because the political conflict that was generated by the *pinata* [appropriation of housing and land by Sandinist Government after election defeat] meant three riots by one faction of the FSLN. However, I can tell you that the monetary reform which I began and the gold cordoba which I issued were the fundamental elements of the success that we enjoyed in Nicaragua in halting hyperinflation.

[Solorzano] Do you believe that this will be a very important plus for your campaign?

[Mayorga] Except for the recalcitrant sectors, the vast majority of the people receive me with great affection, people who tell me that if I had stayed in the government and if the latter had implemented my plan, there would be no poverty or unemployment in Nicaragua. Furthermore, my greatest legacy is the fact that no one can accuse me of stealing a cent, which proves that what I want to do is serve the country honestly.

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Argentina

Argentina: UN Said To Support Talks on Disputed Islands

PY2207180996 Buenos Aires TELAM in Spanish 1834 GMT 19 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 19 Jul (TELAM) — Fernando Petrella, the Argentine-designated representative to the UN, on 19 July said that the UN advocates a dialog between Argentina and Great Britain to solve the issue of the Malvinas [Falkland] Islands' sovereignty.

Petrella said: "There is no better alternative than negotiations to solve the dispute" over the Malvinas Islands' sovereignty, taking into account "Argentina's long diplomatic effort at the UN to explain the problem."

In remarks to Radio 990, Petrella said that "almost all countries advocate this position." He admitted, however, that "when decisions have to be made, some countries take into account temporary situations affecting the parties."

Petrella stated that based on our consultations on the issue, everything indicates that during the meeting to be held by the UN Decolonization Committee on 22 July to discuss the issue on the Malvinas' sovereignty, things will favor Argentina. Petrella then commented on the position adopted by Papua New Guinea, which anticipated that "this year it was going to adopt a less tolerant attitude toward the Argentine position."

Petrella noted that in face of the diplomatic steps taken with this country, "everything leads us to think that there is no such a risk."

UN diplomatic sources said that during the session, Papua New Guinea will back the Argentine position, that is, it will vote for the principle of "territorial integrity." [passage omitted]

Argentina: Di Tella on 'Optimism' Over Vote on Falklands

PY2207230596 Buenos Aires TELAM in Spanish 1605 GMT 22 Jul 96

[FBIS Translated Text] Buenos Aires, 22 Jul (TELAM) — Argentine Foreign Minister Guido Di Tella has voiced "great optimism" that the UN Decolonization Committee will issue a favorable declaration on the Argentine position on the Malvinas [Falklands] during the meeting to be held in New York today.

In remarks made to Radio El Mundo from the United States, Di Tella said: "We are very optimistic and very happy. I believe that the Argentine position is being more clearly understood concerning both the firmness of our main demand and our good disposition toward the islanders."

Di Tella said: "Argentina has focused its claim on the Malvinas islands' sovereignty. This policy has been firmly maintained with previous governments and will not be changed at all. Today Argentina will attend a meeting of the UN Decolonization Committee, which will debate the Malvinas Islands issue, and the way to solve the dispute over its sovereignty with Great Britain. The meeting will be attended by Di Tella, who will defend the principle of "territorial integrity" before the UN Decolonization Committee. He will also oppose the British position of supporting the principle of "the islanders' self-determination."

The UN Decolonization Committee is made up of Afghanistan, Congo, Cote d'Ivoire, Cuba, Chile, China, Ethiopia, Russia, Fiji, Grenada, India, Indonesia, Iran, Iraq, Mali, Papua New Guinea, Sierra Leone, Syria, Tanzania, Trinidad and Tobago, Tunisia, Venezuela, and the Yugoslavia. The latter's vote has been temporarily suspended.

Argentina: UN Group Supports Argentine Sovereignty

PY2307004296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1953 GMT 22 Jul 96

[FBIS Translated Text] Buenos Aires, 22 Jul (NA) — The Foreign Ministry reported here today that Argentina today received "the international community's support" for its claim of sovereignty over the Malvinas [Falkland] Islands, after the UN Decolonization Committee approved a resolution that acknowledges the existence of a dispute with the UK over the archipelago.

Through a communique released in Buenos Aires, the Foreign Ministry noted that the UN resolution also "urges Argentina and the UK to hold negotiations and defeats the challenges raised by the opposition, through newspaper reports, against President Carlos Menem's foreign policy."

The Argentine Foreign Ministry also emphasized that "for the first time in its history, Chile sponsored the Argentine stance at the Decolonization Committee." The Argentine Foreign Ministry noted that this sponsorship "represents a substantial dynamics change in the management of the Malvinas case in the United Nations and definitively overcomes past rivalries and confrontations with Chile."

The Foreign Ministry emphasizes that "Brazil's participation in this committee is also noteworthy." The For-

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eign Ministry explained that Brazil "is not a member and is not forced to attend."

The Foreign Ministry noted that this attitude "enhances such a valuable support for confirmed a mandate that the United Nations has voted for since 1965: to sit down and negotiate the Malvinas dispute."

The Foreign Ministry emphasized: "Papua New Guinea's stance was as resolute as Brazil's. In keeping with newspaper reports, Papua New Guinea intended to approve the islanders' principle of self-determination. Nevertheless, the Argentine claims were supported by a member of the British Commonwealth."

The Foreign Ministry pointed out: "The alleged pro-independence drive suffered an overwhelming setback within the OAS." The Foreign Ministry emphasized: "The Latin American countries' historic and unanimous support for Argentina remains unchanged."

The Foreign Ministry also pointed out that "the inclusion of Argentina's mandate — no less than in the constitutional reform — of recovering the Malvinas Islands through peaceful negotiations has caused a positive impression in the United Nations."

The Foreign Ministry emphasized: "These expressions or actions do not merely represent a stroke of luck or sheer coincidence. The Argentine Foreign Ministry has been pursuing the claims and presentations that are part of our local diplomatic tradition at international forums, claims and presentations that currently represent our national interest."

In this regard, the Foreign Ministry pointed out that Foreign Minister Guido Di Tella "personally raised allegations before the Decolonization Committee, which had never been raised before by any one of his predecessors, and achieved favorable decisions for Argentina, with an unusual consensus."

The Foreign Ministry ultimately emphasized that "it is not true either that the islanders have taken another step toward achieving their independence, as published on the 14th anniversary of the Malvinas war."

The Foreign Ministry noted: "The UK has rejected the islands' constitutional reform and, through today's resolution, the United Nations expressed to the international public opinion that dialogue represents the best way of overcoming disputes."

Argentina: Di Tella Addresses UN Decolonization Group

PY2307032296 Buenos Aires TELAM in Spanish 2218 GMT 22 Jul 96

[Report by unidentified TELAM correspondent]

[FBIS Translated Text] United Nations, 22 Jul (TELAM) — Foreign Minister Guido Di Tella today denied the Kelpers the right to raise the principle of self-determination in the Malvinas [Falkland] Islands and challenged the British "reluctance" in discussing the sovereignty dispute.

Explaining the Argentine stance before the UN Decolonization Committee, the minister noted that in this case the principle of self-determination is "inapplicable."

Di Tella emphasized: "To give that population — who are British citizens who have the right to settle in the UK — the right to self-determination, is tantamount to accepting their becoming arbiters of a territorial controversy in which their country is involved."

The UN Decolonization Committee today again supported the Argentine stance, unanimously approving a resolution that urges the resumption of the negotiations on sovereignty "as soon as possible."

Di Tella emphasized that "the principle of self-determination is being misrepresented when efforts are being made to interpret it in such a way of giving self-determination to the subjects of a colonial power at the expense of the political community, which has actually been subjected to a colonial action."

In his speech to the Decolonization Committee members, the minister said: "Argentina will continue to make all the efforts required to resume the negotiations on the Malvinas Islands' key issue: sovereignty." He regretted the fact that the UK "is reluctant to resume the talks."

The foreign minister recounted that in 1833 the British frigate "Clio" dislodged and expelled the islands' inhabitants and the Argentine authorities. He emphasized: "Thus far, the Argentine Government has unswervingly claimed its rights."

Di Tella noted: "In keeping with these records, the Malvinas issue represents a colonial and unique case that cannot be compared with the situation of other territories without autonomy."

In this regard, Di Tella cited all the resolutions issued in this direction by the UN General Assembly and the UN Decolonization Committee.

The foreign minister pointed out: "In keeping with these resolutions, it can be accurately said, concerning the

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Malvinas issue, that in the first place, there is a territorial sovereignty controversy."

He added: "In the second place, it can be established that from a legal viewpoint, there are exclusively two sides involved in this controversy: Argentina and the UK."

The foreign minister emphasized: "In the third place, it can be said that the solution to this controversy must be achieved through negotiations between the two governments, as the only way of ending the colonial status, thus ruling out the possibility of applying the right to self-determination."

Di Tella recounted that, in a consultative judgment on Western Sahara, the International Court of Justice emphasized that "the effectiveness of the principle of self-determination is not affected by the fact that, in certain cases, the General Assembly has ignored the requirement of consulting the inhabitants of a given territory."

After citing judgments from other justices, Di Tella pointed out that "it becomes clear that admitting the islanders' principle of self-determination in the Malvinas issue involves the Argentine Republic's territorial disruption."

Di Tella emphasized: "Argentina endorses enhancing communications with the islands." He "deeply regretted that lack of communications."

The foreign minister underscored: "We are convinced that this situation prompts an isolationist and discriminatory sentiment that undermines the economic and cultural development of South America's southern region."

Di Tella also broached on the enhanced relations between Buenos Aires and London. In this regard, he recounted the joint declaration on cooperation for exploiting and exploring for hydrocarbons in the South Atlantic "that we the two foreign ministers signed on 27 September 1995."

Afterwards, the foreign minister regretted the fact that the UK has taken "unilateral measures that affect the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR) involving South Georgia Island and the South Sandwich Islands."

During his speech, Di Tella sent a message to the islanders: "Argentina wants to hold talks with you, as it is difficult to believe that we cannot benefit from discussions, based on an open agenda."

In this regard, the foreign minister explained: "Without any doubt, we respect their British heritage and their institutions." He recounted that this attitude "has been taken for one-and-one-half centuries with nations with various cultural heritages that have settled in Argentina."

Argentina: Di Tella 'Satisfied' With Decolonization Group

PY2307033296 Buenos Aires TELAM in Spanish 2247 GMT 22 Jul 96

[Report by unidentified TELAM correspondent]

[FBIS Translated Excerpt] United Nations, 22 Jul (TELAM) — Argentina today again achieved another diplomatic success in the UN Decolonization Committee, which unanimously approved a resolution on the resumption "as soon as possible" of the negotiations on the dispute involving the sovereignty of the Malvinas [Falkland] Islands.

After the votes were cast, Foreign Minister Guido Di Tella said: "We are very satisfied. It represents an important step. All the participants, even those who have very disparate stances, were involved in the negotiations to achieve this resolution."

The foreign minister, who explained the Argentine stance to the Decolonization Committee's members, emphasized: "All these negotiations and the results achieved are very important." [passage omitted]

Meanwhile, the text of the resolution approved today "regrets" that "despite the time that has passed since the approval of Resolution 2056 by the UN General Assembly in December 1965, this prolonged controversy has still not been resolved."

In the same manner, the unanimously approved text stresses the interest of the international community for "the governments of Argentina and the UK to resume negotiations to find as soon as possible a peaceful, fair, and lasting solution to the controversy over the sovereignty of the Malvinas Islands."

The resolution reiterates that "the way to end the special and particularly colonial situation in the Malvinas Islands is a peaceful and negotiated solution to the controversy over sovereignty" maintained by the two countries.

In the document, the resolution regrets that "despite the broad international support for negotiations between the two governments, including all the aspects of the future of the Malvinas Islands, the General Assembly resolutions have not yet begun to be applied to this subject."

It also "asks the Governments of Argentina and the UK to reinforce the current process of dialogue and cooperation through the resumption of negotiations in

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order to find as soon as possible a peaceful solution to the controversy over sovereignty."

After reiterating support for the well-intentioned mediation of the UN Secretary General (Butrus Butrus-Ghali), the document adds that "the Malvinas Islands matter should be kept under examination and subject to the indications that the UN General Assembly has given and could still give.

Argentina: Menem Appoints Dominguez New Defense Minister

PY2207141396 Buenos Aires TELAM in Spanish 1512 GMT 21 Jul 96

[FBIS Translated Text] Buenos Aires, 21 Jul (TELAM) — President Carlos Menem today appointed current Buenos Aires Mayor Jorge Dominguez as new defense minister replacing Oscar Camilion. The president announced that Dominguez will be sworn in on 6 August.

Menem made the announcement during an impromptu news conference at the Olivos presidential residence. The president said that he had selected Dominguez because of his "honesty, courage, and work capacity" and because he was "an excellent administrator and economist."

During the news conference Menem was accompanied by the newly appointed defense minister and Press Secretary Raul Delgado.

"Dominguez has all the qualifications to do an excellent job," the president said after announcing Dominguez' designation as new cabinet member.

The name of the new minister had been circulating as Camilion's possible successor for several days. Camilion resigned on 16 July, but the head of state accepted his resignation only today.

Menem said that he accepted Camilion's resignation because he "had fulfilled a stage."

Menem added that Camilion "has nothing to do with the issues that are being investigated" on the alleged arms diversion to Ecuador. The president said that Argentina did not sell weapons to that country, but to a private company.

There were other candidates for the post, but official sources were almost sure that Menem was going to choose Dominguez. The president, however, kept the decision to himself until his return from Atlanta, United States, where he attended the Olympic Games inaugural ceremony.

The new defense minister is 51 and has a long background in public office and the Justicialist Party, besides being one of Menem's trusted men.

Argentina: Menem Says Adjustment Measures 'Irreversible'

PY2207173296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1048 GMT 22 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 22 Jul (NA) — President Carlos Menem again defended the latest fiscal adjustment measures ordered by the government, saying that the decrees of urgency and need [these types of decrees have special treatment in Congress] establishing changes in family allowances and incorporating the value of food coupons into salaries are "irreversible."

Menem said that the government will guarantee the freedom of work for those who do not joint the strike convened by the CGT [General Confederation of Labor] for 8 August. The president warned that workers who do not show up for work "will lose their day's pay."

"Even if the strike is joined by 100 percent of workers, the decrees are irreversible. Those promoting a strike are in their right to do so, because the Constitution guarantees this right," the president said.

The head of state made these remarks during a news conference at the Olivos presidential residence after returning from the United States.

During the meeting the president also announced the designation of Buenos Aires Mayor Jorge Dominguez as the future defense minister, replacing Oscar Camilion who had been questioned for the sale of arms to Ecuador during the so-called "Condor War" [between Peru and Ecuador]. [passage omitted]

The head of state also referred to his meeting with U.S. President Bill Clinton saying that Argentine relations with this country are currently at an "excellent" level.

Menem said investments by United States and other countries' companies "will continue arriving" in Argentina.

"We talked (with Clinton) about our bilateral relations, which are now at a historic moment and have never been as good," Menem emphasized.

Argentina: President Returns From United States

PY2207135196 Buenos Aires TELAM in Spanish 1734 GMT 20 Jul 96

[FBIS Translated Text] Buenos Aires, 20 Jul (TELAM) — President Carlos Menem has returned to Argentina. He arrived at the military area of the Jorge Newberry metropolitan airport at 1430.

During his stay in the United States Menem met with U.S. President Bill Clinton, and attended the

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inauguration of the Olympic Games in Atlanta with his daughter Zulema Maria Eva.

Argentina: Court Suspends Application of Economic Measures

PY2207171696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2320 GMT 19 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 19 Jul (NA) — The Argentine Workers Congress (CTA) reported tonight that Judge Martin Silva Garreton issued a precautionary measure "suspending the application" of executive branch decrees 770 and 771 establishing economic measures. [passage omitted]

The CTA leadership, commenting on the court decision, indicated that their association's legal representatives took a copy of the court decision to Government House to be delivered to the chief of cabinet's office.

The court decision says that "the application of the decrees must be suspended for the duration of the lawsuit or until they are confirmed by a law approved by Congress."

Economy Minister Domingo Cavallo announced the decrees on 12 July. Among the main parts of the decrees are the elimination of family allowances for employees earning more than 1,000 pesos per month and the elimination of the tax exemption that benefits food coupons.

Both measures were harshly criticized by the opposition and even by some ruling party legislators and governors.

Argentina: Economists Warn About Need To Extend Debt Terms

PY2207154396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1917 GMT 19 Jul 96

[FBIS Translated Text] Buenos Aires, 19 Jul (NA) — Economists Carlos Melconian and Rodolfo Santangelo warned today that if the government does not implement a longer term financing strategy the country might face a scenario of "instabilities and uncertainties" in the future.

"The public administration must pay $11 billion in 1997 and 1998 on account of capital maturities alone and these disbursements will gradually increase. Without an average maturity for the rest of the debt there will be uncertainty in capital markets," the economists argued.

Melconian and Santangelo produced a report on "Argentine Public Administration Indebtedness" that was presented today at the Stock Exchange. In the report, the economists recommended the contracting of new financing at an average term of five years with debts maturing in terms between one and 10 years.

With a stock of nominal debts similar to the current debt — in relation to the GDP — annual capital maturities will tend to stabilize around $15 billion during the first decade of the next century and will climb to 2.2 percent of the GDP by 2010.

However, if the new financing has an average maturity of three years the amount of the debt that matures will increase year after year until it reaches 5 percent of the GDP in the first decade of the next century.

"This amount of annual maturities, which will be around $20 billion as of 2001, could introduce instability and uncertainty in capital markets," Melconian and Santangelo warn.

Estimates included in the report are based on a hypothetical economy that grows at 4 percent per year in real terms and a 2 percent international inflation rate.

The study points out that Argentina's gross public indebtedness dropped by $3.765 billion between December 1989 and December 1995.

This reduction is based on operations that did not involve deposits or withdrawals, that is, they involved debt variations without an effective cash entry or exit.

The operations that implied public debt reductions were: debt rescue through privatizations ($15.227 billion), transfer of public company debts to the private sector (close to $3 billion), rescue of social security and tax bonds ($2.82 billion), and incorporation into the Brady Plan ($5.773 billion)

On the other hand, the state contracted new debts by issuing bonds to cancel $11.14 billion in debts that fell due after 1989, through operations with international organizations for a total of $8.479 billion, due to interests that fell due and were capitalized for a total of $8.643 billion, and due to a net issue of bonds that were delivered to public institutions for a total of $3.41 billion.

Argentina: Public Services Congressional Oversight Planned

96SM0448A Buenos Aires CLARIN in Spanish 8 Jul 96 pp 22-23

[Article by Alejandra Gallo: "Privatized Enterprises Under the Magnifying Glass"]

[FBIS Translated Text] Congress would like to create a regulatory "superagency" to pare back the Economy Ministry's control over the privatized enterprises. The senators set up a committee to draft a bill, but the Peronist deputies beat them to it and drafted their own bill.

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The deputies justify their bill by noting that there is no regulatory framework for the former state-run companies. Under their bill, which CLARIN has seen, all of the existing regulatory bodies would come under the new "superagency."

If the bill becomes law, the current agencies will continue to operate but could not make decisions without consulting beforehand with the "superagency." The directors of the "National Regulatory Oversight and Coordination Commission" would come from Congress itself. The deputies' ambitions go further than this, however; they also want to approve or reject the directors of each individual agency.

The bill promises to open a new battlefront with Cavallo at a time when relations between his ministry and Congress have grown tense over the request for a larger budget. To clear the air, the head of the Justicialist Party (PJ) bloc, Jorge Matzkin, and the cabinet chief, Jorge Rodriguez, are reportedly considering inviting Cavallo to the meetings of the PJ bloc to discuss this and other issues.

"We want Congress to oversee the companies that deliver public services because they cannot be monitored by the same agency that privatized them," Deputy Humberto Roggero, the chair of the Industry Committee and one of Domingo Cavallo's harshest foes in the legislature, and Emilio Martinez Garbino from Entre Rios said in unison. The two lawmakers are the sponsors of the bill and take it for granted that it will have the support of the Senate. A few days ago PJ senators set up an ad-hoc committee, coordinated by Julio San Millan, to draft a similar bill after the administration launched the second reform of the State.

Under the bill drafted by the ruling-party deputies, the "superagency" would be in charge of "overseeing, monitoring, and coordinating the bodies and agencies that regulate public services and the privatized or private activities that require regulation."

In addition, it would promote "the establishment, by law, of regulatory frameworks" inasmuch as until now the only oversight bodies operating under the law are the ENRE (electric power) and Enargas.

The PJ deputies' bill is going to lead to a head-on collision, since they want the "superagency," not the Executive Branch, to define rate policies. However, some deputies acknowledge that this clause is merely a maneuver to grate on the economy minister's nerves and liven up the coming negotiations.

Argentina: Impact of Planned Services Oversight Viewed

96SM0448B Buenos Aires CLARIN in Spanish 8 Jul 96 p 23

[Article by Antonio Rossi: "An Overseer on Every Corner"]

[FBIS Translated Text] The offensive that lawmakers have launched to take control of public services finds the oversight agencies spread out over various, complex legal frameworks. There has been a common denominator to almost all of the public biddings in the tide of privatization that the administration has been pushing since 1989: the transfers to the new owners took place before the new regulatory bodies were set up. In establishing these oversight agencies, the authorities sidestepped Congress and resorted repeatedly to decrees and resolutions.

Only two of the existing regulatory agencies were created by law: the National Electricity Regulation Agency (Enre) and the National Gas Regulation Agency (Enargas). The rest of the agencies emerged from administrative decisions by the Executive Branch. This group includes: the National Telecommunications Commission (CNT), the Tripartite Agency of Public Works and Sanitation Services (Etoss), the National Automotive Transportation Commission (Conta), the National Rail Transport Commission (CNTF), the Control Agency for the Network of Buenos Aires Access Roads (Ocraba), the Coordinating Unit of the Railway Restructuring Program (UCPRF), the Nuclear Regulatory Agency, and the oversight agency for postal services. The regulatory team is rounded out by: Comfer [Federal Committee for Broadcasting], which oversees radio and TV stations; National Roadways, which oversees toll road lessees; the Directorate of Air Transport, which along with the air force monitors commercial airlines; and the oversight commissions of Government Coal Deposits (YCF), Parana dredging, and the metropolitan port leases.

The regulatory bill that the deputies are pushing represents an ambitious attempt to place the regulatory agencies under congressional control. If the bill passes, the functions of the "superagency" would clash with those assigned to several other bodies. The most striking overlaps would be with the work being done by the Office of the Auditor General of the Nation, the Bicameral Commission for State Reform, the Institute of Statistics and Census, and the Ombudsman. Such complications would be compounded by two other political short-circuits that could alter the panorama: the proposed changes clash with the Second Reform of the State and with the municipal regulatory projects that mayor-elect Fernando de la Rua plans to carry out.

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Argentina: Federal Social Development Council Created

96SM0451A Buenos Aires CLARIN in Spanish 17 Jul 96

[Article by Ceferino Reato: "Menem Asks Governors to Stop Criticizing" — received via Internet]

[FBIS Translated Text]*Social council created. President Carlos Menem wants the governors to stop complaining about social problems and yesterday proposed the creation of a Federal Council on Social Development, so that the governors will be able to discuss government policies with officials. President Menem unexpectedly presided over a meeting yesterday of the ministers and secretaries who comprise the government's social affairs cabinet, which was also attended by several Peronist governors.*

"I have a tight schedule. Tonight I travel to the United States, but I did not want to miss this exchange on social matters, which concern us so much," the president explained.

"We are doing a lot, but the communications media, especially those in the capital, are not reporting it," said Menem. "You, the governors, have to explain properly what we are doing," he told the governor of San Juan, Jorge Escobar; the governor of Salta, Juan Carlos Romero; the governor of Mendoza, Arturo Lafalla; and the governor of Santiago, Carlos Suarez.

Social Malaise

President Menem, as well as the ministers of economy and of labor, Domingo Cavallo and Armando Caro Figueroa, reiterated that people's living conditions have not worsened. "What we have is social malaise," they said.

Menem believes, therefore, that complaints by the governors only make the problems worse and can also cause a breach between the government and the provincial governors who support it, precisely when candidacies for the 1999 election are beginning to be discussed.

This is the reason for the Federal Council on Social Development, which will be made up of all the provincial government ministers who have that responsibility. The Council will be inaugurated on Friday [19 July] in the Hotel Claridge. At lunch time, national and provincial officials will discuss the implementation of a nutrition program, as their first task.

One of the governors' requests yesterday was that the various employment programs be unified. Cavallo promised that this would be done in the 1996 budget, while Caro Figueroa explained that, due to the inefficiency of the provinces, the national government will take charge of policing the underground labor market throughout the country.

Although no one raised the subject of family allowance reductions, Cavallo explained that "the books have to balance, and reductions are preferable to discharging workers."

The Secretary of Social Development, Eduardo Amadeo, in his turn, promised "health insurance for unemployed heads of households and scholarships for young people who neither work nor attend school."

Argentina: Cordoba Signs on to Fiscal Pact II

96SM0451B Buenos Aires CLARIN in Spanish 18 Jul 96

[Article by Carlos Sagristani: "Cordoba Signs on to Fiscal Pact II" — received via Internet]

[FBIS Translated Text] *It was the last province to do so.*

After almost three years, Cordoba signed on yesterday to Fiscal Pact II. In exchange, it received 104 million pesos in bonds for the shared revenues that it lost during that period and an increased monthly payment "by 8 to 10 millions" for the duration of the agreement.

Cordoba was the only province that had not joined the pact. Eduardo Angeloz opposed it, arguing that it made a vassal of federalism. Ramon Mestre turned that intransigence into a successful electoral theme in the 1995 campaign.

The Pact imposed obligations on the provinces that none of them followed to the letter: privatization, deregulation, and lower taxes on production. In exchange, the national government promised them globally a minimum of 740 million pesos a year in revenue sharing, and it accepted the transfer of the provinces' deficits in their retirement funds.

Opposition to the agreement yielded good political dividends to the Radicals in Cordoba. But it only brought them losses in the economic sphere. Although it is the province with the most "obligations" under the Pact, the province:

- exempted gross income of productive activity from taxes;

%granted concessions for a large part of its electric power;

%passed a law authorizing partial privatization of the provincial bank;

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deregulated freight transport and reduced some fees.

But the greatest gift that Mestre brought to the negotiation with the Ministry of Economy was the energetic retrenchment that enabled him to remedy within a year the monumental fiscal mess he had inherited from Angeloz. He did not privatize, nor will he do so, "at least for now," but he made use of his red pencil more than any other governor: he fired 5,000 contract workers, reduced salaries and pensions, cut social programs and transferred services to municipalities.

The agreement that he signed yesterday with Domingo Cavallo and Carlos Corach created no other commitment for Mestre than the photo with the minister of interior, and a Domingo Cavallo who introduced him as the "example" that Fernando de la Rua should follow in the federal capital.

Argentina: Santa Fe Rejects Cuts in Family Allowances

96SM0452A Buenos Aires CLARIN in Spanish 18 Jul 96

[Unattributed article: "Santa Fe Joins the Rebels" — received via Internet]

[FBIS Translated Text] *There are now 13 provinces that are not implementing the Cavallo measures.*

The province of Santa Fe decided yesterday not to adopt the changes in family allowances that were made by the national government. It is the second rejection by a province considered to be "major." Mendoza and Cordoba continue to be undecided. With Santa Fe, there are now 13 provinces that are refusing to reduce family allowances, as Minister Cavallo decided to do last Friday [12 July]. Salta, Santa Cruz and Chaco, "which until yesterday were undecided," have also announced that they will not yield.

On Monday, after absorbing the statements by Domingo Cavallo, seven provinces, led by Buenos Aires, flatly rejected them. On Tuesday, Tierra del Fuego and Jujuy aligned themselves with the position that Tucuman, Entre Rios, Formosa, Neuquen, Rio Negro and San Juan had already adopted.

Rejection by the center of the country is due to the reduction in family allowances for salaries of more than 1,000 pesos. Payments of the allowance in the case of government salaries and of private firms pass through Anses [National Social Security Administration]. The provinces have their own funds, which distribute the family salary and the education allowance, as well as other payments. The Santa Fe provincial government had avoided taking a position on the issue until now, because it was "studying the effect of the measures on provincial workers," according to Governor Jorge Obeid.

In Santa Cruz, Governor Nestor Kirchner confirmed that the family allowances in his provinces will not be reduced, "as a matter of principle and philosophical orientation." The provincial government has instructed its representatives in the National congress to oppose the ratification of the emergency decrees that originated the measures announced last Friday.

"We are not going to follow the instructions of the Ministry of Economy in reducing family allowances," said Governor Angel Rozas. "Public employes are already cooperating sufficiently, and although the deficit problem is not resolved, we believe that other ways of doing it must be found," he said.

In Salta, Governor Juan Carlos Romero decided yesterday not to adhere to the government decree: "The people of Salta are already making a sufficient effort, and therefore it is not necessary to make any changes that mean a reduction in welfare benefits."

In Misiones, the change in family allowances for public employees was linked to the success of the "extraordinary emergency tax," a legislative proposal introduced yesterday [17 July] in the Chamber of Representatives. The measure provides for differing tax rates according to salary level, and would go into effect between 1 August and 31 December 1996.

Bolivia

Bolivia: Diplomatic Ties Established With Turkmenistan

PY2207160696 Santa Cruz EL MUNDO in Spanish 14 Jul 96 p A27

[FBIS Translated Text] La Paz, 13 Jul (JATHA) — On 12 July the Bolivian Foreign Ministry reported that Bolivia established diplomatic relations with the Republic of Turkmenistan, a former USSR republic.

An official communique says: "In the name of the Bolivian government, Edgar Camacho, permanent representative to the UN, on 9 July signed a joint communique with Aksoltan Ataeva, the Turkmen representative to the UN, on the establishment of diplomatic relations with Turkmenistan."

The communique states that the establishment of diplomatic relations between the two countries will help to promote cooperation and world peace. The document was issued in English, Spanish, and Russian.

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Bolivia: News Summary for 18 Jul

96CA0251A (Internet) Bolivian Social Communications Ministry WWW in Spanish 18 Jul 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Front Page News Briefs [passage omitted]

State Enterprises To Be Totally Private by 2055

The six state enterprises being privatized will no longer belong to the 3.4 million citizens of Bolivia by the year 2055, when it is predicted that the last old age benefit will have been paid, and these enterprises will then pass in their totality into private hands, according to the forecasts of two staffers of the National Pensions Department, Alberto Bonadona and Oscar Alcaraz. [passage omitted]

Political News [passage omitted]

Article 60: Not in Second Extraordinary Congress?

"Article 60 relating to the election of uninomial deputies will be included in the agenda of the second Extraordinary Congress only if agreement on that is reached," said the president of the Senate, Juan Carlos Duran, in somewhat confused statements.

He said that the coalition's decision "is to continue working on the Pension Bill in the Senate and to work on the creation of the National Institute for Agrarian Reform in the Chamber of Deputies." [passage omitted]

First Women's Political Party in Bolivia Founded

Certain that women can lead the state with ability, aptitude, and integrity, "Women's Power in Bolivia," a political party composed solely of women who want to combat political wheeling and dealing and to open up opportunities for women in all fields, has been founded.

"It is now time for women to take power in Bolivia, because we make up over 51 percent of the Bolivian population," the national leader of this political movement, Nora Matienzo de Lopez, announced in Santa Cruz. [passage omitted]

Economic News [passage omitted]

Gas Pipeline Financial Settlement on 17 August

The government has reported that it has completed work on arranging financial commitments for the construction of the gas pipeline to Brazil, so 17 August has been confirmed as the settlement date.

The executive president of YPFB [Bolivian Government Oil Deposits], Arturo Castanos, said that, together with the Brazilian state oil company, PETROBRAS, all of the arrangements for financing the project have been worked out. The cost will be approximately $1.9 billion. [passage omitted]

Bolivia: Forestry Law Text Published

96GE0078A La Paz PRESENCIA in Spanish 7 Jul 96 pp 2-5

[Unattributed article: "The Forestry Law: The Green Mantle of Our Fatherland"]

[FBIS Translated Text] *Over the long term, Bolivia's destiny is dependent on the destiny of its forests and forestlands.*

The forests and forestlands are the essential element of Bolivia's natural heritage. To degrade the forests and the land is to degrade our fatherland. To lose the forests and the land is to lose our fatherland. If there is anything more dramatic than losing your fatherland to a foreign power, it is to lose it to your fellow countrymen. That is why the protection and sustainable use of the forests and the land is a basic component of the territorial integrity of the state. These are the objectives of the bill that embodies the proposed Forestry Law and has been approved by the Senate of the Republic.

The Watchword is Sustainability

The flora, fauna, water, soil, air, hydrological cycle, rain cycle, climatic equilibrium, biological diversity, and genetic resources for the future biotechnological era—together with the formidable hydroelectric energy potential that will illuminate the nation and mobilize domestic industry within only two more decades—are all totally dependent on the protection that we are able today to provide for Bolivia's forests and forestlands through their sustainable use.

For this reason, the first historic action to implement the mandate of the Forestry Law must be the incorporation henceforth of sustainable forest management into a national strategy for the conservation in perpetuity of the nation's forests and forestlands.

The law seeks neither revenge nor retribution—much less a return to the past—nor does it provide immunity from punishment.

Legal Security

Through the instrumentality of its Forestry Law and the INRA [National Institute for Agrarian Reform] Law,

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Bolivia will be establishing an authentic state of law in the agricultural and forest sector as a prerequisite basis for agricultural and forest development.

Because the principal disincentive for forest sustainability has been the lack of legal security, the principal incentive offered by the new Forestry Law is precisely the establishment of legal security, which means strict observance of the rights granted by the state together with rapid and effective mechanisms of legal protection against encroachment and domination.

Everyone a Defender of Our Forest Resources

The opportunity that the new Forestry Law offers communities and local organizations to gain access to 20 percent of the total of government land devoted to forest production serves to establish the principle of social justice through the progressive elimination of inequalities and the creation of opportunities for individuals to share in the exploitation of the natural resources that are generated within their respective districts. This decision will undoubtedly assist in solving the problem of informal economic activity in the sector and the problem posed by the discriminatory utilization of the goods and services that we derive from nature.

By interpreting this public participation in accordance with its true dimensions, the law establishes that the municipalities shall provide technical assistance to local social groups in preparing and implementing their plans to manage the forested areas allocated to them.

The intent is to enable all workers in the forestry sector—by the practical application of this policy—to become protectors and developers of the various forest resources and thereby ensure their conservation.

Principles of Institutional Impartiality

In order to free the National Forest System from political pressures and pressures from powerful groups, a Forest Superintendency has been instituted as a self-managing entity headed by a forestry superintendent who shall be recommended by the Senate and serve for a six-year term, which by virtue of spanning two governments will give the system the necessary stability and shield it from the imperative mandate of any other authority and from removal as a result of any circumstantial political decision.

Social Control and Transparency

The best guarantee of transparency in the new National Forest System is the fact that every Bolivian is in practice a forestry superintendent, and that everyone involved in forestry knows that henceforth seven million pairs of eyes will be observing their actions. Article 8—Citizen Participation and Guaranteed Transparency; Article 25—Municipal Participation; and Article 33—Forest Inspections and Audits establish efficient mechanisms of control and social participation with a view to ensuring sustainable forest management and conservation in perpetuity.

Legal and Institutional Efficacy

In order for the law to be effective, there must be an authentic normative entity that is consistent and rational and has social credibility and legitimacy. These characteristics are present throughout the bill approved by the Senate: for example, the new law replaces declarative penalties with real penalties; establishes a rational classification of forestlands on the basis of their potential for better use, and creates effective mechanisms of legal protection for the authorized uses; unequivocally sets forth the obligations of the timber processors; protects the interests of the entrepreneurs and the rights of the indigenous peoples and social groups of each region of the country; and replaces the system of payment by volume—which has lent itself to corruption and the useless accumulation of forestlands—with the system of payment by hectare (whereby control is automatic and thereby acts as a disincentive to useless accumulation and as an incentive to efficiency and competitiveness).

Moreover, the new law demonstrates its zeal for rationality by the fact that it has replaced the Consumer Price Index with exchange parity as the system for readjusting the cost of a forestry license, so that an increase in the price of bread or milk will not determine an increase in the forestry license fee.

Following is the text of the law as approved by the Honorable Senate of the Republic:

The New Forestry Law:

PL [Bill] CE [expansion unknown] No. 1140/95-96: The Honorable National Congress decrees the following Forestry Law:

Title I. Objectives and Definitions

Article 1. Purpose of the Law. The purpose of the present law is to establish rules for the sustainable utilization—and the protection—of the forests and forestlands for the benefit of present and future generations by reconciling the social, economic, and ecological interests of the nation.

Article 2. Objectives of Sustainable Forest Development. The objectives are:

a. To promote the establishment of sustainable and efficient forest activities that will contribute toward

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fulfillment of the goals of the nation's socioeconomic development.

b. To achieve sustainable and improved yields from our forest resources and ensure conservation of the ecosystems, the biodiversity, and the environment.

c. To protect and rehabilitate the hydrographic basins; prevent and halt erosion of the land and the degradation of the forests, meadows, soil, and water; and promote afforestation and reforestation.

d. To facilitate access by the entire population to the forest resources and to the profits deriving therefrom, in strict compliance with the provisions relating to protection and sustainability.

e. To promote forest and agroforest research—and dissemination of the benefits of that research—in support of the processes of production, conservation, and protection of our forest resources.

f. To encourage understanding and awareness on the part of the Bolivian people of the need for the responsible management of the geographical basins and their forest resources.

Article 3. Definitions. For the purposes of the present law and the regulations for its implementation, the following definitions are hereby established:

a. Opinion: Specialized advice of a technical and technolegal nature whose scope does not obligate—and is not binding on—the particular administrative agency to which the opinion is addressed. Regardless of the advice it receives, however, the agency in question should carefully lay the foundations for any decision it will take and assume full responsibility for the consequences thereof.

b. Forest Management Plan: An instrument of forest management resulting from a process of rational planning that is based on an evaluation of the characteristics and forestry potential of the area to be utilized. The plan shall be prepared in accordance with the rules and prescriptions for protection and sustainability and be duly approved by the competent authority. It defines the responsible uses of the forests; the activities and practices that are applicable to obtain sustainable yields; the replacement—or qualitative and quantitative improvement—of the existing resources; and maintenance of the equilibrium of the ecosystems.

c. Protection: The sostilization of the tree cover and soil cover of the lands and space that are destined for these purposes, together with the complex of measures that are to be implemented, including—when indicated—the obligation to plant trees or to promote the natural regeneration of the forests.

d. Forest resources: The aggregate of existing useful or potentially useful components of the forests, which are conventionally classified as timber-yielding or nontimber-yielding forest products.

e. National Forest System: The complex of governmental regulations that provide for the sustainable utilization and protection of the forests and forestlands, together with the legal system for granting concessions to private parties and a clear definition of the rights and obligations of the concessionaires.

f. Integral and efficient use of the forests: The sustainable utilization of as many varieties as possible of the most ecologically recommendable and commercially viable trees, while limiting waste in the utilization of these resources and preventing unnecessary damage to the remaining forestlands.

g. Sustainable utilization of the forests and forestlands: The use and development of the various elements of the forests and forestlands in such a way as to ensure the conservation of their production potential, structure, functions, biological diversity, and long-term ecological processes.

Title II. The National Forest System

Chapter I. Fundamental Principles

Article 4. Original Ownership, National Character, and Public Utility. The state has original ownership of the forests and forestlands over which the national government has been given jurisdiction. The sustainable management and protection of the forests and forestlands are a public utility that serves the general interest of the nation and operates under governmental rules and regulations, compliance with which shall be universal, imperative, and unavoidable.

Article 5. Legal Restrictions

1. For the purpose of implementing the National Forest System, the Executive Branch may make provision for administrative restrictions, administrative staffs, prohibitions, public services, and other legal restrictions that are essential to the administration of territory and to the protection and sustainability of forest management.

2. Any privilege granted to private parties for the use of forestlands is subject to revocation in the event of noncompliance with the rules and official prescriptions regarding protection, sustainability, and other essential conditions of the granting of the concessions.

Article 6. Revocation of Privileges. The Executive Branch may order the total or partial revocation of forest utilization privileges granted to private parties whenever a reason arises to justify the public use

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of the forestlands in question. The aforementioned administrative action shall take the form solely of an appropriately documented Supreme Decree, preceded by the appropriate administrative process that shall state the reason for the public use that justifies the aforesaid decree and the scope of the revocation and acknowledges the obligation to provide compensation exclusively for the loss entailed.

Article 7. Effective Trusteeship of the National Forest System. Whenever the competent authority so requires, as prescribed by law, the political and administrative authorities, the judicial districts of the Republic, the National Police, and—as the case may be—the Armed Forces have the obligation to contribute to the effective implementation of the National Forest System by means of timely and efficacious intervention in accordance with the law.

Article 8. Citizen Participation and Guarantees of Transparency

1. Every person, individual or collective, is entitled to be informed in a truthful, timely, and adequate manner concerning matters relating to the National Forest System; to present petitions and complaints; and to submit proposals to the competent authority.

2. Forest concessions, authorizations, permits, operational plans, and other instruments of forest management—together with compliance reports, sworn declarations, lists of charges and recommendations, reports and decisions regarding forest audits, and other documents relating to the purposes of the present law—are instruments that shall be open to public inspection. The competent authority shall periodically publish a sufficiently informative summary of the aforementioned documents together with a list of the government departments in which each document is available.

3. The regulatory provisions shall establish the procedures and mechanisms necessary to guarantee the effective and rapid exercise of this right of citizenship, together with such rules as will ensure the security of documents and private rights as provided by law.

Brazil

Brazil: U.S. Said Planning To 'Isolate' Nation on FTAA

PY2207232896 Sao Paulo AGENCIA ESTADO in Portuguese 1352 GMT 20 Jul 96

[Report by Vladimir Goitia]

[FBIS Translated Text] Sao Paulo, 20 Jul (AE) — The United States is studying ways to isolate Brazil in the negotiations on the creation of the Free Trade Area of the Americas (FTAA). An alternative could be to offer specific advantages and special treatment to some Latin American countries to attract them to NAFTA. Another possibility would be to encourage the Brazilian Government to delay the reduction of its tariffs on a multilateral level.

This can enable the United States to neutralize domestic opposition to the future integration of the Americas, which was proposed at the Miami summit in December 1994. A third possibility that might be pursued is to impose bilateral trade sanctions on Brazil, offering the FTAA as a solution to the problem. Such proposals, which are described in a book entitled "An Architecture for Free Trade in the Americas" [eight preceding words in English] written by Peter Morici, are mentioned by Durval Noronha in a document submitted to Foreign Minister Luiz Felipe Lampreia at the end of June.

Noronha, a top specialist in international law, wrote the books entitled "GATT, Mercosur [Common Market of the South] and NAFTA" and "The WTO and the Uruguay Round Treaties." He believes that Itamaraty has already realized that Brazil will have no commercial advantages through FTAA, at least in the medium term, for which reason it has given clear signals that it is not interested in accelerating the process of integration with NAFTA countries, in order to avoid being caught in a "trap." Canada, for example, has recently expressed its willingness to accelerate the timetable for reduction of tariffs and subsidies.

Priority — "Brazil's priority at this time is to consolidate tariff reductions within WTO rules," Jose Alfredo Graca Lima, director of Itamaraty's economic department, has said. In his opinion, the Brazilian foreign policy goal is to improve Mercosur and expand this commercial and economic integration process to the other Latin American countries, as was recently done with Chile and Bolivia.

"The strategy to isolate Brazil, if anyone is planning to do so, is not feasible at all," Graca Lima said. Brazil, he pointed out, is a key partner for that or for any other integration process, for which reason all negotiations will have to adapt themselves to Brazilian foreign policy. "An FTAA without Brazil would not be a full bloc; instead of trying isolation, I would choose another strategy, the strategy of cooperation," Graca Lima said.

In Noronha's opinion, the U.S. proposal to create the FTAA, based on the NAFTA model, is a "trap," and its implementation — in the short or medium term — would be a "disaster" for Latin American countries, especially for Brazil. The FTAA will be again examined in Belo Horizonte in May 1997, when the ministers

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of economy and foreign affairs of 34 countries will meet again, almost three years after the United States formulated its proposal in Miami, during the presidential summit attended by representatives of those countries.

Noronha said that based on a list of documents and a detailed analysis of the laws and norms that regulate world trade, a tariff reduction to a zero import tariff level would be much more profitable for the United States than it would be for Latin American countries. Even though the creation of the FTAA is scheduled for 2005, there is considerable risk. "We have much to lose and nothing to gain," Noronha said in the 16-page document submitted to Lampreia. According to Noronha, the U.S. average import tariff is 2.5 percent, while those of Mercosur countries is 17 percent. "If tariffs are reduced to zero, Latin American industries will have no advantages in the competition with U.S. industries."

In his document, Noronha also mentioned recent remarks by Joseph P. Klock Jr., a world trade specialist who delivered a lecture in London on the effects of regional commerce and investment agreements on European business. According to Klock, an expanded NAFTA would probably not permit the expected growth of Latin American exports to the United States, except for some sectors like textiles and clothing, where NAFTA restrictions on the regime of origin can produce this type of "commercial abnormality." Klock added that U.S. import tariffs on industrialized and manufactured products are comparatively much lower, but there are remote chances for a preferential treatment for the Latin American exports of those sectors, with respect to European and Asian exports.

Brazil: 'Halfway' Decision on Helms-Burton Law Viewed

PY2207201296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jul 96 p A3

[Editorial from the "News and Information" page: "Clinton and the High Price Paid for Halfway Initiatives"]

[FBIS Translated Text] President Bill Clinton has put himself in the difficult situation of someone who, in his attempt to please everybody, ends up pleasing no one, provoking negative reactions whenever he tries to find an honorable solution. For more than three decades the United States has firmly backed the embargo on Cuba, even after the end of the Cold War, due to the U.S. policy failure to provoke the downfall of dictator Fidel Castro. The embargo is a policy whose validity could be questioned, yet at least it has been permanent and unequivocal, and it has fulfilled — at a domestic level — the role of pleasing Cuban-U.S. voters.

This balance was broken in February, when Cuban MiG's downed two Cessnas belonging to a U.S anti-Castro group, which were dropping leaflets against the regime. Clinton had to react rapidly, or at least this is what he thought he should do. His answer was a 180-degree change with respect to the Helms-Burton law, which was being studied by Congress and which the president had so far promised to veto. Clinton approved the law, which in Chapter 3 allows U.S. citizens to demand compensation from foreign enterprises doing business in Cuba and benefiting from properties that were confiscated by the revolution. In its fourth Chapter the law bans entry into the United States for the executives involved in such business and for their relatives. In light of the strong reaction from the main U.S. commercial partners — Canada, Mexico, the EU, and Japan — the president this week suspended for six months the enforcement of part three of the law. As for part four, he is not empowered to do the same thing. The result is that the other countries are still furious, because major enterprises have been immediately affected by the ban on entry visas, while the EU has engaged in consultations on possible retaliation. Four measures are being studied: Take action against the United States at the WTO on charges of violating the principle of extraterritorial action; create a blacklist of the individuals who take legal action against European enterprises under the terms of Chapter 3 of the law; take legal action against those who file charges under Chapter 3 of the law; and ban entry visas to the executives and shareholders of the U.S. companies that file charges.

Chapter 3 of the law, which was suspended by President Clinton, was to have produced the news expected by many Cuban-Americans, who want compensation for their confiscated properties. The approval of the law created expectations, frustration of which will jeopardize the electoral impact of the package of anti-Cuban measures.

It is noticeable that in his foreign policy, the U.S. President has already experienced the harmful effects of conciliatory initiatives that are stopped before being enforced, in contrast with the benefit of firm and unequivocal attitudes. Bosnia has been the most painful and certainly most flagrant example of this.

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Brazil: Government Estimates Money Laundering Figures

PY2307031396 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jul 96 p A8

[Report by Vannildo Mendes]

[FBIS Translated Text] Brasilia — Some $490 billion, almost 30 percent of the $1.68 trillion that circulates in the Brazilian financial system every year, is not taxed. A secret study by the Federal Revenue Secretariat, which was made available to O ESTADO, reveals a billion dollar underground economy that goes untaxed and is totally out of state control.

This figure was calculated — for the first time — on the basis of the analyses of the revenues of the Provisional Tax on Financial Operations (IPMF), which was in force until 1993 and which is being recreated as a Temporary Tax on Financial Operations (CPMF). In 1992, when the CPMF was in force, operations on the Brazilian financial system amounted to $1.68 trillion, but only $1.19 trillion were reported to the government as income or funds with confirmed origin, from individuals or corporations.

This uncontrolled amount is equivalent to 60 percent of the Brazilian GDP. It comes from drug trafficking, illegal financial operations, corruption, and smuggling. Part of that money has traditionally been sent to other countries, especially tax havens, to gain legal status and return to Brazil as investment. In the past few years, however, with the monetary stability brought by the Real Plan, Brazil became a center for receiving (instead of only producing) funds for laundering purposes.

The statistical figures by the Federal Supreme Court (STF) reveal that since 1995, the number of requests for extradition of criminals, submitted by foreign governments — especially Italian and Japanese mafia members — has grown by approximately 50 percent.

A delegation of the Italian courts has recently visited Brazil to ask the authorities of the executive, legislative, and — above all — judicial branches to approve more efficient laws and to more rigorously punish organized crime.

Study — The estimated tax evasion figure, which was calculated by the Coordinating Board of Economic Studies of the Federal Revenue Secretariat, is included in the final report of the working group that the government of Fernando Henrique Cardoso created to analyze the laundering of money produced by illegal activities, and to propose solutions.

The group, which is made up of representatives of the Ministries of Justice and Foreign Affairs, the Federal Police, the Finance Ministry Attorney General, and the Central Bank, worked in secrecy for six months under the coordination of the Civilian Household of the Presidency.

Brazil: Cardoso Vetoes Article of Cellular Phone Bill

PY2207185296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jul 96 p B1

[Report by Isabel Braga]

[FBIS Translated Text] Brasilia — During a ceremony at Planalto Palace on 19 July, President Fernando Henrique Cardoso approved the law regulating the opening of the telecommunications sector to private capital, with a partial veto — for unconstitutionality reasons — of Article 13, which addresses creation of the National Communications Commission. The veto has eliminated the possibility for Congress to propose a project for creation of that regulatory organ, if the president does not do it within six months.

Cardoso kept only the article's single paragraph, which sets forth that the communications ministry will fulfill the function of regulatory organ until the National Communications Commission is installed. This commission will not be subordinated to other organs, and will have financial and budgetary independence. Until this commission is created, the ministry will keep the responsibility to regulate and grant concessions, in addition to supervising telecommunication services.

In the justification of the veto, the president explained that a veto does not mean a disagreement with Congress on the need for creating the regulatory organ, noting that the way the law was written harmed the constitutional principle of division of power between the branches of government.

Brazil: Planalto Palace Views Maluf as 'Powerful' Opponent

PY2307011796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jul 96 p 2

[Article by Dora Kramer from the "Political Affairs" column: "The Administration Is Only Afraid of Maluf's Strength"]

[FBIS Translated Text] After swimming in calm waters for more than a year without encountering any resistance, the administration has finally realized that it has a powerful opponent to eliminate. It is [Sao Paulo Mayor] Paulo Salim Maluf and he is considered to be a politician with enough clout, profile, and strength to challenge Fernando Henrique Cardoso and his allies. Such thought prevails within the inner and outer circles of the president.

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It is absolutely true that Maluf reciprocates these feelings.

The first objective of the PSDB [Brazilian Social Democracy Party] in the Sao Paulo mayoral election is to get [PSDB candidate] Jose Serra elected. The second objective is to prevent Maluf from having Celso Pitta [Brazilian Progressive Party, PPB, candidate] elected. Likewise, Maluf's main priority is not only to elect Pitta but mainly to defeat Serra.

The name of the game is evident. It is called reelection and the future of the Cardoso administration. All assessments indicate the imperious need to defeat Maluf. Of course it is also very important to win in Rio de Janeiro and in Belo Horizonte, as a defeat in these cities will be considered a very serious fact. To lose in only one city is serious. But if the defeat includes Sao Paulo — according to this belief — it would then be total disaster.

Mainly because the government would enter into an undeniable phase of depression, it would open fronts of attack, and it would reflect weakness. According to this assessment, a victorious Maluf is the worst thing that could happen to the reelection bid. He will gain strength within the PPB — which in case of a defeat would not support him — gain a platform from where to speak in the Sao Paulo municipality, reinforce his victorious speech, and he will immediately become candidate for governor of Sao Paulo or president of the Republic in 1998.

He will act like a butcher against the reelection proposal. To speak the truth, he will act like that anyway, but strengthened by a political triumph rather than by a defeat, it will be much worse.

These assessments — which generate disagreements within the Serra campaign — are unanimously maintained in Brasilia and they extremely please those who for the past two elections opposed the forces of the center and right, that is, the PT [Workers Party] members because they sense that they can elect [PT candidate] Luisa Erundina in the vacuum created by the fight between Planalto and Maluf.

To the point that the two parties — the followers of Maluf and the PSDB — admit behind the scenes that if either of the two candidates loses the opportunity to run in the second voting round, the votes of the loser will go to the PT. The PSDB members are proud to say that clearly. "All she will have to say is that we are not as neoliberal as the PT thought we were and we will have to assume an equally benevolent speech," said a top national PSDB leader.

The Maluf followers acknowledge that in the case of a second voting round between Maluf and Erundina, there will be no way of reaching an open agreement with the PT. It would, however, be possible to discreetly attract the votes to the PT.

The PT, in turn, thinks that if Serra and Pitta go to a runoff, the inevitable alliance will have to be with the PSDB. Although the PT regards the situation in Sao Paulo positively, the PT is much more excited about the chances of Miro Teixeira [Democratic Labor Party, PDT, candidate for Rio de Janeiro mayor] to win in Rio de Janeiro. "On the second voting round, the PT national executive board will set up camp at the PDT [Democratic Labor Party] campaign headquarters," said a PT leader. The support for Chico Alencar is openly pro forma.

But, in Sao Paulo, considering the adversaries for the second voting round, the PT prefers to run against Serra. The PT believes that Maluf is much harder to defeat because he has strong support in the poor districts where he attracted voters through his housing and health programs.

The PSDB members in Brasilia do not consider Serra's candidacy a loss. Not at all. Not even the national leaders of the PFL [Liberal Front Party] show signals of repenting from having sided with Serra and not with Pitta like the regional PFL did. They think Serra can win as long as his campaign gains mass proportions and offers good solutions capable of overcoming some obstacles, mainly by making Serra attractive to Sao Paulo's poor voters.

The possibility of seeking Ceara Governor Tasso Jereissati's help in enhancing Serra's appeal to northeastern citizens who are residing in Sao Paulo has been considered. Other more effective, regional approaches are beginning to be outlined and would be raised tonight at an exclusive meeting of PSDB leaders.

I Come First

It is true that President Fernando Henrique Cardoso will give Luis Eduardo Magalhaes whatever he wants in the administration. It is also true that the Justice Ministry is today the more likely position for him, as long as a privileged position is offered to Political Coordination Minister Luis Carlos Santos — because Magalhaes's new duties would include political coordination.

It is also true that Justice Minister Jobim has already discussed the subject with Magalhaes and has assured Magalhaes that he would not create any kind of problem, whether he gets a Federal Supreme Court bench or not. The only problem stems from the leak of an action that would materialize only early next year. Before that, Magalhaes will have to help pass the bill that will pave the way for Cardoso's reelection.

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Brazil: Education, Telecoms, Informatics 'Priorities'

PY2207201096 Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Jul 96 p 3

[Report by Laszlo Varga]

[FBIS Translated Text] Sao Paulo — The telecommunications, informatics, and education sectors will become government investment priorities, Planning Minister Antonio Kandir said yesterday. According to him, up until 2000, some $50 billion will be allocated to those areas, with public and private funds.

"Brazil is now entering a new development phase, after the Senate approved a bill permitting the participation of private capital in the area of cellular phone services," Kandir said. The minister had lunch with some 30 Sao Paulo entrepreneurs at the Sao Paulo Soccer Club.

Kandir recalled that the government of Juscelino Kubistcheck, in the 1950's, started a two-area program of highways and energy for promoting Brazilian development, and that those areas are now being replaced by telematics (telecommunications and informatics) and education. It is estimated that $5 billion will be invested until 2000 in cellular phone services on the B band, which will be opened to private capital with the regulations that the Senate approved on 19 July.

Brazil: Kandir Outlines Development Projects

96SA0445A Sao Paulo ISTOE in Portuguese 17 Jul 96

[Interview with Antonio Kandir, minister of planning, by Romano Silva and Luciano Suassuna: "The Order Is To Grow"; place and date not given — received via Internet]

[FBIS Translated Text] *Minister of Planning Antonio Kandir says the time has come to build FHC's [Fernando Henrique Cardoso's] infrastructure megaprojects in order to adapt the country to globalization.*

When he was minister of planning, Senator Jose Serra (PSDB [Brazilian Social Democracy Party], Sao Paulo) kept a wood pineapple on his desk. It symbolized a phase of government in which it was necessary to decelerate growth, increase interest rates, and grind the budget to powder. Forty-five days ago, Serra took his pineapple to Sao Paulo, where he faces a prickly race for mayor of the country's largest city. Taking his place was Deputy Antonio Kandir, 43, married with one daughter. He is like Serra in many ways. Both men graduated as engineers at the head of their class and then earned doctorates in economics. But Kandir rises early. He generally arrives at his office before 0900 hours for workdays that do not end until about midnight. And instead of pineapple, the new minister has one of those famous gavels used in the privatization auctions.

That little hammer is a symbol and also reflects a political option. With Kandir in the Ministry of Planning, the cutbacks lost their importance. The minister announced that by the end of this year he will have privatized three pieces of the Federal Railroad Network, 31 ports, and 14 hydroelectric plants. Lying on his desk is a list of firms up for privatization and a timetable calling for the Rio Doce Valley Company to be sold in February 1997. Now Kandir is squeezing a few super infrastructure projects into the so-called Multiannual Plan for the government to carry out. "The president made it my mission to be the minister of development," he says. In this interview with ISTOE, Kandir looks forward to the priority investments in this new phase of government.

[ISTOE] Your predecessor, Jose Serra, used to talk more about containing expenditure than about construction projects. Did you take over with the idea of being minister of development?

[Kandir] That was the mission given to me by the president when he offered me the job. It is possible to carry out that mission now because we have stability. We have recovered our ability to forecast spending. Planning also means breaking through the limits on growth.

[ISTOE] What limits growth today?

[Kandir] Exports. Our possibilities for faster or slower growth depend on our exporting more. Our number one objective is to create conditions in which they will expand. In recent years our companies have come to have high quality and productivity, but when the product left the plant or the ranch, it began losing its competitiveness. The interest rate was high, taxes were very high, and the infrastructure—such as ports and roads—carried a high cost. So we have chosen three fronts for action: we want to establish a suitable line of credit, improve the competitiveness of our infrastructure, and reduce the tax burden on exports.

[ISTOE] What has been done so far?

[Kandir] In the first place, we created a line of financing totaling $1 billion at the BNDES [National Bank for Economic and Social Development] at LIBOR [London InterBank Offer Rate]—"the British interest rate"—plus 5.5 percent, with a six-month grace period and nine months in which to repay the loan. Now we need to

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reduce the cost of infrastructure in five areas where few investments have been made in recent years: railroads, roads, ports, telecommunications, and the electricity sector.

[ISTOE] But little has been done so far in terms of infrastructure.

[Kandir] We are leasing the Center-East network of the Federal Railroad System for 30 years at a price of 317 million reals, including 163 million reals paid up front. We made privatization dependent upon investments which are to reduce the number of accidents by 40 percent and increase freight volume by 63 percent over the next five years. If we did not do that, the cost of shipping by railroad would make our products uncompetitive. The Center-East network currently hauls 500 million reals worth of freight, and five years from now that figure will be up to 1.2 billion reals. In addition, we are going to privatize three railroad networks, 31 ports, and 14 electric power plants.

[ISTOE] Nothing has changed as far as tax reform is concerned.

[Kandir] We have an amendment before Congress, and we may negotiate a complementary law. To give you an idea of the importance of reducing taxes on products for export, I can give you a specific example: if we win approval for eliminating the ICMS [goods and services movement tax] on pig iron, that will have the same effect as an exchange devaluation of 6 percent.

[ISTOE] All that is planning. What do you, as minister of development, have planned in the way of new construction projects?

[Kandir] We are still working on that. But those are investments that must attract other investments. They are what we call birdseed investments, because they can attract the big birds of investment. In 1998 we will experience the big Brazilian economic boom, and that boom will come about because there are big investors in the world today who are deciding which of several big countries, including India, Australia, and Brazil, they are going to invest in.

[ISTOE] And why should they gamble on Brazil?

[Kandir] From the standpoint of planning, it is up to us to provide as soon as possible all of the basic public works that will make our infrastructure more competitive so as to attract those investments. The competition that exists in the world today is not between countries. In the globalized world, it takes place between specific firms that are seeking to be leaders in the world market. That is why investors choose certain countries. What we are trying to do is show that Brazilian territory can generate much more competitiveness than other territories. To do that, it is essential to integrate with the new international markets.

[ISTOE] So the projects that you have planned move in that direction?

[Kandir] We want to create three poles of development. The first is Highway BR-17, which runs from Manaus to Boa Vista and then continues to Venezuela, thus opening up Brazil to the Caribbean. In that pole we will have a power transmission line connecting us to the Venezuelan power plant in Gur, and we will also finish the Urucum thermal power plant, which will have a gas pipeline running to Manaus.

[ISTOE] What about the announced outlet to the Pacific?

[Kandir] The second pole—in the West—will integrate us with the Pacific. We are going to make the Madeira River into a usable waterway and rehabilitate Highway BR-364. Basically, we are talking about the integration of the North Region, because it will be possible to go from Porto Velho to Manaus and from there to the Caribbean. The third pole involves the widening of Highway BR-101 and construction of the Brazil-Bolivia gas pipeline. That is the corridor for integration with Mercosur [Common Market of the South].

[ISTOE] What about the Northeast?

[Kandir] We will have the Sao Francisco River for integration of the Northeast. That waterway will connect with the Trans-Northeast Railroad, which runs from Petrolina to Salgueiro and then forms a "Y" to connect with the ports of Suape in Pernambuco and Pecem in Ceara. In the integration between Brazil's North and South, the Tocantins-Araguaia river system will play a basic role. A railroad will connect it with the port of Itaqui, from where all of the Center-West's agricultural production can be exported. As far as energy is concerned, we are going to invest in the transmission lines that will run from Tucurui to that new agricultural frontier.

[ISTOE] How much will your development project cost?

[Kandir] It is possible to do it with $20 billion, with $4 billion to come from the budget over a three-year period. The rest of the financing will come from private foreign and domestic investors. Several of those projects have been underway for a long time. What we want to do is ensure that those which are already 60 percent or 70 percent complete will indeed be finished. It will be possible to complete many of them by 1998. If they are all completed, that will provide a clear idea that

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we can grow because we will have no problems with energy or with physical integration with our neighboring countries.

[ISTOE] Do those big projects have the political objective of helping eliminate one of the public's main criticisms of the administration—unemployment?

[Kandir] On that specific point, we are investing 9 billion reals over the next three years to finance projects that will generate a lot of jobs. For example, one project being analyzed by the BNDES will involve 55 million reals for solving the housing problem in the Una River neighborhood in Belem, Para, one of the unhealthiest regions in the country. There are projects of that kind which meet a very objective social demand and create a large number of jobs. There are others in the area of infrastructure for tourism and freight transportation.

[ISTOE] In 18 months of this administration, the country's domestic debt has risen from 60 billion reals to over 150 billion reals without any major project being carried out. So there alone, the administration has spent more than four times the amount it now intends to invest in infrastructure.

[Kandir] Let us separate those two issues. Over the past 12 months, the securities debt has increased by 82 billion reals, but of that amount, only 6.3 billion reals affects the Treasury's accounts. In other words, 92 percent of the change in the debt level was the result, first, of the change in reserves—because when we increase the reserves we also increase their counterpart, domestic debt, and that accounts for about 20 billion reals. We have the process of financing the liquidity of the financial system: another 20 billion reals. We also have nominal interest rates related to the debt that already existed, plus the debt increments related to those operations. Those three things add up to 92 percent. The development projects will cost 20 billion reals, but the Treasury's share will be 4 billion reals over three years. The growth of the economy is not a trivial matter. That is precisely why we must know, considering the small amount of money at our disposal, where we should spend what we have.

[ISTOE] But wasn't too much spent on interest and too little on projects?

[Kandir] If there is one thing which seriously hurts the government, it is the interest rate. Because the higher the interest rate, the higher the debt service and, consequently, the less leeway we have for investing and spending in the social area. Since the government is one of the biggest debtors, it is the one most seriously harmed by an increase in interest rates.

[ISTOE] A good many economists outside the government say that the gridlock in exports could be resolved by an exchange devaluation.

[Kandir] The only thing is that one must consider what would happen if there were an exchange devaluation. We would have a process of accelerated inflation, and that would cause us to lose the large investments now coming into Brazil. Speaking honestly, no economist today would recommend an immediate devaluation of the exchange rate.

[ISTOE] On the subject of exports, why was there a drop last month despite all the measures you took?

[Kandir] Relax. When it comes to exports, we adopt a set of measures today, but their results will be seen six months from now. Exporters are well aware of that. The flow of exports today is the result of decisions made six months ago. I accept that provocation because I am looking at what will happen six months from now. But in the second place, your information is wrong. It needs to be remembered that there were two less working days in June 1996 than there were in June 1995. Comparing one month with the other, there was indeed a drop. But the daily average of exports in June of this year was 3 percent higher than last year.

[ISTOE] Since last year, the government has been under criticism due to the slow pace of privatization. Every minister says he wants to speed things up, but it does not happen. Why should anyone believe it this time?

[Kandir] I have been saying over and over that the privatization program depends not on the will of the engineer but on the condition of the track. When we began privatizing in 1990, it was easy to privatize a steel mill. The reason is that privatization means the sale of stock in a particular firm. And the one doing the buying wants to know what that firm's revenues and future costs are going to be. If its future value is greater than what he has to pay, the buyer wins and the deal is worth it. Interest rates were low at the time, and a high interest rate does not go along with privatization. No one will buy a share when he knows that the interest rate may vary. When the current administration took office, two things occurred to alter the pace of privatization. First, we entered the "utility" sector. In the case of electricity generating plants, there are still various doubts. It is not known whether the distributing company will or will not pay or what the rate policy will be. So it is taking us a long time to establish the rules in areas such as electricity and petroleum. Along with that, the interest rate was high, and only now is it dropping. I am convinced that the conditions for privatization are better today.

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[ISTOE] But Elena Landau, who was in charge of all this "change in track gage," left the BNDES the same week that you took over the ministry. Why?

[Kandir] Even before I arrived, she had made arrangements with Jose Serra, who intended to leave. Since the program is quite firmly institutionalized, no harm was done. She made an important contribution, but Pio Borges, who replaced her, has a long tradition in that area. The important thing is that the team in Fernando Henrique's administration is working in an increasingly organized manner. If one ace player leaves, another steps in.

[ISTOE] Is it possible that some ace player will also be sent in to replace the president of the BNDES, Luiz Carlos Mendonca de Barros?

[Kandir] There is not the slightest chance.

[ISTOE] Every time one government-owned firm goes up for sale, another shows up to buy it, as happened with the Rio Doce Valley Company (CVRD) when the Center-East section of the Federal Railroad System was privatized. Doesn't that defeat the purpose of privatization?

[Kandir] The important thing is to decide what we want from privatization. We want to make the necessary investments feasible so that the infrastructure will be cheaper and of better quality. If a purchaser commits himself and is in a position to make the investment, that is good as far as we are concerned. We do not care whether the firm is a private domestic firm, a private foreign firm, a government-owned domestic firm, or a government-owned foreign firm. The Federal Railroad System was not in a position to make the investment. The criterion governing privatization is pragmatism.

[ISTOE] But how is it that you are leasing the Center-East section to a firm that the government wants to privatize by the end of the year?

[Kandir] But the CVRD's value is increased to the extent that it is more profitable. The important thing is that when the privatization occurs, it should be done with the greatest possible benefit to the Treasury. If today's lease contract means a possible increase in the CVRD's profitability, that is an excellent thing.

[ISTOE] If the CVRD is worth 8 billion reais today and 8.36 billion reais when it is sold, fine. But if it is sold for less—not to mention the amount it paid for the lease—won't that make it look like a shady deal?

[Kandir] We will study the situation when privatization takes place in February, but first I want to be shown the CVRD's true value based on technically sound principles. Today I don't have a basis on which to say exactly what the firm is worth because that is a very complicated matter. I agree with your objection, but I cannot assume today that the firm is worth 8 billion reais.

[ISTOE] Aren't you afraid of being a kind of buffer minister who is simply saving a place for Senator Jose Serra in case he is not elected mayor of Sao Paulo?

[Kandir] I don't think Senator Jose Serra is going to lose the election.

Chile

Chile: U.S. Said To Implement 'Big Stick' Diplomacy

PY2307022896 Santiago EL MERCURIO in Spanish 21 Jul 96 p C2

[FBIS Translated Text] The Socialist Party on 20 July supported President Eduardo Frei administration's foreign policy and accused the United States of still implementing the archaic "big stick" policy.

Senator Ricardo Nunez and Deputy Juan Pablo Letelier expressed their concern over the reiteration of old practices they believed to have been "banished by the U.S. Government."

The two congressmen referred to what they consider the idea of extraterritoriality the United States intends to implement with the so-called Helms-Burton law, which seeks to return to the U.S. owners the properties they had in Cuba and also to punish all those businessmen who have businesses in Cuba and are using those properties.

They said that these actions are taking place within the context of presidential elections slated for November 1996.

The two congressmen said: "It is dangerous for the United States to subordinate its foreign policy, especially toward Latin America, to the fluctuations of its domestic policy."

Senator Nunez said he laments the positive guidelines of the U.S. Administration as far as privileging Latin America with a [illegible] treaty based on cooperation, free trade, democracy, and respect for human rights, be subordinate to subjects related to the agenda of Washington's domestic security, "applied with a style that recalls the Cold War period we thought to have overcome."

He added that President Bill Clinton's recent announcement to suspend the implementation of Chapter 3 of this

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law does not reduce its negative effects but only postpones them, as unanimously pointed out by EU countries.

They also said that the blockade and embargo of the island "harms the Cuban people, condemning them to death."

Chile: Defense Minister Returns From U.S.

PY2207231396 Santiago EL MERCURIO in Spanish 22 Jul 96 p C4

[FBIS Translated Excerpt] Defense Minister Edmundo Perez Yoma returned to Chile on 21 July following an official one-week tour of the United States, where he signed a memorandum of understanding at the ministerial level with his U.S. counterpart William Perry. [passage omitted]

Perez Yoma held several meetings with William Perry and signed with him a memorandum of understanding to strengthen relations at the ministerial level, such as training civilians on defense matters and facilitating the delivery of technology and defense systems.

According to information from Washington, the two officials discussed bilateral and regional matters, such as the future of the Panama Canal, and the international peacekeeping operations. [passage omitted]

Chile: Defense Committee Head Defends Armed Forces Budget

PY2307034896 Santiago EL MERCURIO in Spanish 20 Jul 96 p C4

[FBIS Translated Excerpt] In his first news conference since he was elected president of the Defense Committee of the Chamber of Deputies, Vicente Sota of the PPD [Party for Democracy] defended the current budget of the Armed Forces and supported the policy of maintaining 10 percent of the profits of Codelco [Copper Corporation] for the Armed Forces, until another mechanism guaranteeing by law an equivalent level of resources is found.

Sota, who has permanently criticized the Armed Forces for human right violations and has been involved in controversies with military men since he became a deputy in 1990, showed yesterday a more conciliating attitude saying in a declaration that he will try to continue the task of his predecessors "to contribute for a better understanding between civilians and members of the Armed Forces, who are both involved in building the country."

Sota said that his commitment for clarifying human right violations during the military government has not changed but that he expects to carry out his job in the Defense Committee with responsibility the way he did it when he was president of the Chamber of Deputies in 1994. [passage omitted]

Chile: Argentine Rural Society Head Views Mercosur

PY2007020196 Santiago ESTRATEGIA in Spanish 17 Jul 96 p 7

[Interview with Argentine Rural Society President Enrique Crotto by unidentified reporter; place and date not given — first four paragraphs are introductory]

[FBIS Translated Text] The highest-ranking representatives of the Argentine and Chilean agricultural entrepreneurs met in Santiago on 16 July to discuss the Common Market of the South [Mercosur] impact and see how together they can work out better ways of profiting from the accord reached between Chile and Mercosur.

Before meeting with his friends, as he referred to Ernesto Correa and Raul Garcia, Enrique Crotto — president of the Argentine Rural Society — said: "I came here to listen to why they oppose the accord so strongly, why they are protesting so much, and to try to find, together with them, answers to these questions."

Crotto proposed to organize a seminar to analyze the situation of each one of the products and to see if there is a possibility of reaching concrete agreements to be included in the treaty, later on, by the various countries' administrations.

Crotto's optimistic and conciliatory vision cannot go unnoticed, although he asserts that Argentine agriculture has not benefited by Chile's association with Mercosur. Crotto also asserted that Mercosur and Chile must, in the future, export to the rest of the world as a bloc.

[ESTRATEGIA] After analyzing the accord, it has been said that if it were not for the Chilean and Mercosur members' agricultural area, tariffs would have been reduced faster and would have had more impact.

[Crotto] It is undeniable that the Chilean agricultural area has obtained the longest lasting tariff protection. An 18-year tariff protection on wheat, for example, seems unbelievable to me. Argentine agriculture has not been favored in the negotiation, but I still think that this problem does not result from the fact that one area is more or less protected. What we were seeking was to make Chile join the Mercosur, and now that it has, it doesn't make sense to look back into the past.

[ESTRATEGIA] Nevertheless, some fruits and wine have become as protected as the traditional Chilean agricultural products...

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[Crotto] Even if some products had not been protected in Chile we, members of the Mercosur, would not have had the right to ask for protection for our products. There has been a negotiation. If we had eliminated everything and reduced the tariffs to zero beginning 1 October, the whole thing would have been fairer to both parties.

[ESTRATEGIA] Has the decision to postpone for 15, 16, or 18 years tariff reduction on some Chilean products complicated Chile's admission into the regional bloc?

[Crotto] No, definitely not. The Chilean consumer, however, will not be able to purchase these products for the price they would have bought them in their countries' of origin.

[ESTRATEGIA] Which Argentine agricultural products will have more demand after the accord?

[Crotto] Mercosur's business is not to export to Chile or to have Argentina exporting to Brazil. Nowadays, for example, Brazil is the first Argentine market; Brazil has stabilized its economy and started to grow and to have more demand. This will not occur with Chile. Argentina will perhaps export a little more or a little less of some products, but the positive thing will be if we sell, together, to other blocs.

If we do not understand that, we will believe that Mercosur's problem is to sell more among ourselves, and this is not so. There isn't any doubt, either, that integration results in trade growth and trade between Argentina and Brazil is a proof of that. It was enough for the two countries to unite in order to multiply their trade ten times. The important thing, however, is not to sell to one another, or to protect a few liters of wine or a tonne of wheat, the important thing is to sell abroad together.

[ESTRATEGIA] To whom?

[Crotto] We must try to sell to everyone. Comparatively, we have some advantages. There will be some good years for those who produce food. European coffers are becoming empty and the administrations are no longer willing to subsidize ineffective producers. What we have to see now is how we can do our best is each field and to get together and sell to the rest of the world.

Chile is a preeminent exporting country. It has excellent port and banking services and it has capital. The key is to combine what one country can manufacture cheaply with another country's capital and its exporting facilities.

[ESTRATEGIA] It is believed that the Asian markets are the easiest ones to reach from Chile and that these have more growth potential.

[Crotto] Yes, certainly, but at a certain point some transportation advantages will be lost. The Chilean ports, however, indeed represent a great advantage in exporting to some regions of Asia and the Pacific Ocean.

[ESTRATEGIA] Although you insist that selling to each other has no advantages, in the accord Argentina reserved the Brazilian market for a variety of its agricultural products.

[Crotto] When we first created this integration bloc we were only four countries. Chile could have joined us then, but decided to wait. This is the way certain negotiations are conducted.

[ESTRATEGIA] Will the Brazilian market have demand enough for Chilean products?

[Crotto] Four years ago, we sold very little to Brazil. Mercosur went into force and, all of a sudden, we found out that Brazil is an excellent market for Argentine wheat. Currently, we are not interested in the European market for wheat because Brazil buys our entire production. If we produce more than 15 million tonnes of wheat this year, as I expect, Argentina will consume some 5 million tonnes and Brazil will buy 7 million tonnes. If we had 8 or 9 million tonnes, Brazil would also buy them because the country is enormous.

Chile: Seizure of 500 Kg of Colombian Cocaine Viewed

PY1907112896 Santiago EL MERCURIO in Spanish 16 Jul 96 p A3

[Editorial: "Colombian Smuggling"]

[FBIS Translated Text] Daily we see reports on investigations conducted in different regions of the country that lead to the arrest of criminals who belong to networks for the distribution of cocaine base, cocaine chloride, marijuana, and other narcotics.

According to the National Council for the Control of Narcotics, Conase, the broad campaign on the danger of these substances and the new Law on Drugs Number 19,366, which has been in force since March 1995, have supplied the country with new tools to fight drug trafficking and to discourage drug consumption. From January to May, Carabineros and the Investigative Police have seized less cocaine base than in the same period last year. Demand for cocaine chloride, however, the price of which is four times higher than that of cocaine base, has increased from 160 to 190 kilos. This represents a 17 percent increase. An increased purchasing power and the great value of this drug motivate traffickers to take more risks.

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The aforementioned data have allowed the Conase officials to assert that there are limitations in Chile for drug trafficking and consumption, but there are no restrictions to its movement. This assertion has been confirmed by the disclosure of a new drug trafficking network led by a former Colombian diplomat who has served in our country. He commanded a gang comprised of relatives and some of his employees. This gang has brought into the country 500 kg of extremely pure cocaine that was going to be sent to the United States. The shipment, which arrived at the San Antonio port on board a Colombian merchant ship, is worth almost $15 million. This has been considered the largest amount of cocaine ever seized in the history of Chilean police.

In April 1989, 260 kilos of cocaine were seized in Talcahuano on board a U.S. yacht that belonged to a Colombian man. In August 1989, police seized 500 kilos of drugs hidden in the false bottom of a container received from Bolivia.

Operations conducted by Carabineros and the Drugs Directorate, together with Investigative Police agents, have taken to the courts in 1995 2,431 people charged with drug trafficking. These operations also resulted in dismantling 22 criminal organizations dedicated to drug trafficking.

Police work has allowed Chile to detect the geographic points where drug trafficking is conducted, as well as to learn the names of the members of the drug trafficking networks. The country has laws, technology, and police personnel to fight this sort of crime. It must be added to these weapons, however, the firm attitude of all officials. This will thus constitute a solid support to our policemen.

Colombia

Colombia: AeroRepublica Suspends Flights to Cuba

PA2307023196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 19 Jul 96

[From the "National Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The Helms-Burton law begins to have its effect in Colombia. AeroRepublica has suspended its flights to Cuba for fears of U.S. reprisals.

AeroRepublica preferred to play it safe. Its president said today that the Bogota-Havana route will only reopen provided they have the assurance that the U.S. Government will not sanction the company, which is also requesting the route to Orlando.

Meanwhile, the suspension of flights to Cuba generates an economic aftermath.

[Begin AeroRepublica President Alfonso Avila recording] We offer about 220 seats a week with an utilization of approximately 70 percent. This means that we fail to receive about 70 million pesos of income a week. [end recording]

Cuba is becoming an important destination for Colombian airlines. So much so that an average 800 passengers a week are carried.

Meanwhile, another Colombian airline that travels to Cuba, Intercontinental de Aviacion, maintains its two flights a week and awaits to see what will happen with the U.S. authorities.

Only next week, when points in the aeronautical agreement with the United States are defined, will Colombian airlines have it clear where they stand with the Washington government.

Colombia: Businessmen Relocate Accounts Held in U.S.

PA2207144396 Santa Fe de Bogota EL ESPECTADOR in Spanish 17 Jul 96 p B1

[FBIS Translated Text] The first bank to do it was the Bank of the Republic. Colombian businessmen and bankers are beginning to relocate in Europe and Japan part of the deposits in accounts and titles held in the United States.

Even though a recent external, legal study conducted by Emisor rejects a freezing of accounts in the United States, the study has revealed that there was some risk.

The study has analyzed the situation of countries the situation of which is similar to Colombia's and has discovered that although the accounts are not frozen, the transactions made by electronic means have become increasingly difficult. A Bank of the Republic officer has said this means "one would have to use a messenger" for every transaction conducted.

The central bank has already relocated $160 million that had been placed in U.S. financial markets.

Miami bankers have stated that several Colombian clients have reduced their risks in the United States and have decided to move part of their deposits to accounts in Spain, Italy, Germany, and France.

"We are not talking about a massive flight; we are talking about only covering part of the risk," the president of a Colombian bank located in Florida has said.

Taking Everything Into Account

The difference between the Colombian and U.S. economies is huge.

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The country's GNP is less than 1 percent of that of the United States. In fact, it is even less than 25 percent of Los Angeles' GNP.

The sum of all Colombian imports and exports to the United States is equivalent to nearly 32 percent of the country's trade and only 0.47 percent of that nation's trade.

Colombia: Electoral Council Criticizes Campaign Ceilings

PA2207193396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 20 Jul 96

[From the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The National Electoral Council respects the recent ruling on campaign funding ceilings but has warned about the danger to democracies if money continues to determine election results.

[Begin recording] [Reporter Jorge Enrique Botero] As a constitutional lawyer, Council President Oscar Jimenez has greeted the State Council's ruling upholding a moratorium on political campaign ceilings with resignation. Although the Electoral Council respects the decision, it believes that politics will continue to be exercised unfairly if campaign spending limits are not imposed.

[Jimenez] There cannot be democracy without ceilings. Equal opportunities are not possible.

[Botero] As a result of the State Council's ruling, a year's worth of investigations by the Electoral Council on violations of campaign ceilings go up in smoke. The Electoral Council, nevertheless, will continue to follow certain accounting irregularities that were discovered and which date back to the 1994 presidential campaigns. [end recording]

Colombia: Court Reaffirms No Fund Limits in Past Elections

PA2207183096 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 19 Jul 96

[Report by Alvaro Ayala; from the "24 Hours" newscast]

[FBIS Translated Text] The Fifth Court [Seccion Quinta] of the Council of State reaffirmed on the evening of 18 July that there were no limits on campaign contributions to candidates in the past presidential campaign.

[Begin Council member Mario Alario Mendez recording — identified by caption] The Court ruled that the National Electoral Council was not empowered to establish limits on third party contributions that the candidates could use. [end recording]

The ones who could benefit the most from this ruling are Ministers Serpa, Pardo, and Turbay, who will not be liable for criminal responsibility for allegedly having violated electoral spending ceilings during the past presidential campaign.

Colombia: Samper Addresses Joint Session of Congress

PA2207040996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2137 GMT 20 Jul 96

[Speech by President Ernesto Samper to open a new legislative session at the National Capitol's Elliptical Room in Santa Fe de Bogota — live]

[FBIS Translated Text] [Word indistinct] of the Republic, Mr. Admiral Commander General of the Armed Forces, Messrs. Admirals, [words indistinct], Mr. Attorney General of the [words indistinct], Messrs. Representatives [words indistinct], Messrs. [words indistinct]: At a time of the greatest difficulty that this nation has ever endured during this century, for truth's sake I cannot conceal my concern as president from either yourselves or the country due to certain events that require our attention and care to prevent an institutional breakdown, even the danger of the destabilization of democracy.

Besides well-known and serious disturbing factors, now there are international threats whose goal is to transform our country into a narcodemocracy and to show us off as executioners of the worldwide drug problem. These international threats intend to justify unilateral interventionism into Colombia's internal affairs. We have recently become aware of amazing and humiliating measures and decisions which have not been observed since the Cold War's most difficult years and which constitute a true invasion. We must react with the dignity necessary against this threat to express our unequivocal rejection, but with enough serenity to avoid worsening this situation.

Colombia will defend itself at international, legal forums from any attempts to isolate the country. We also are going to bolster these actions by strengthening our ties with the international community, which has so decisively demonstrated its solidarity with our country during the past week. Regardless of the offenses or decisions that might continue to be adopted against me or my administration, I am once again stating to the entire world my administration's unequivocal resolve to continue struggling alone or accompanied, but preferably with international cooperation, against the universal scourge of drug trafficking.

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We Colombians do not need to invest titles in order to demand the international community make a commitment that is equal to the one we have made in terms of the sacrifice of thousands of people who died in the days of narcoterrorism and, more recently, as part of the unequivocal results of my administration's own fight against this scourge. The continuation of commitment will not keep us from continuing fighting on other fronts either. Despite our efforts to improve the living conditions of the most needy Colombians, we are still unable to create permanent social systems to take care of the 12 million Colombians who today survive below the so-called dire poverty line. The social leap must continue.

Despite the new Constitution's spirit of guaranteeing the people's rights and the importance of the petition for protection to prevent this very spirit from being violated, people continue resorting to conflict with de facto measures, protests, and turbulent claims to demand the recognition of their rights.

We must continue creating reliable new opportunities for coexistence among citizens. Also, despite the decentralized spirit of the new Constitution, and in view of the absence of territorial restructuring, as Indians are demanding development, the relationship between the nation and province still continues to exist on the same terms of fiscal paternalism and solution of problems [words indistinct] territorial restructuring can wait no longer. National unity could be imperiled if we do not agree on formulas to develop the new constitutional principles of balance among regions, departments, and municipalities.

At this time, I am renewing, therefore, the government's commitment to advance toward a political agreement in this respect. Despite the new winds of participation implicit in the Constitution, we are living in the worst of worlds in terms of political representation. Political parties are ceasing to be — and movements have not emerged that can be forces that truly articulate the interests of civilian society.

Antipolitics [antipolitica] as a way of doing politics, as some local administrations are showing, have not proved to be an alternative either. What is more, this has proven in the short term of a few months to bring about a chaotic and disorderly administrative life.

Eccentricity has proven it is not an efficient model to manage public responsibilities. The instillment of the alternative model we are trying is also encountering the resistance of major segments of neoliberal opinion that, proclaiming their own agenda high and low, are opposed to the consolidation of the basic principles of putting a social emphasis on public investment, selective opening of the economy, subsidizing agricultural development, and maintaining basic areas of state intervention to ensure that growth becomes an economic reality but with justice.

We are standing, therefore, at a historic crossroads. The decision we adopt on the new course will decide if Colombia of the 21st Century is to remain a strife-torn, self-destructive, and violent Colombia or a Colombia — as I am certain that all Colombians want it — where there is coexistence, solidarity, and peace.

If we do not take a sharp turn in the current course of our destiny, we run the risk that the violent and corrupt groups in Colombia and our foreign enemies will be the new players in the Colombia of the 21st Century.

Let me now move on to a brief report on the current course of the social leap. Despite all the difficulties, this plan registered positive results over the past year. It is possible that the smoke caused by the political crisis has clouded the fire of the government's actions; however, many humble Colombians in isolated regions have certainly felt, for a first time, the flame of a state that had neglected them. The data recorded on what we accomplished amid so many hardships are outstanding, and the devotion and loyalty of the unbeatable government team that has supported me is responsible for the impressive results we can present today.

The alternate development model to which I made a commitment when I assumed the Presidency is working. We have demonstrated that it is possible to harmonize the concepts of equity and solidarity and those of growth and productivity. The countryside experienced a recovery. We maintained the growth rate of exports and promoted national production without sacrificing the opening. We implemented a principle of simple reciprocity and two-way opening, namely, we opened our markets to those who did the same to us in a loyal manner.

Even our staunchest and most pessimistic detractors must admit that a growth rate of 5.3 percent, as the one registered last year, is definitely encouraging. The growth levels registered in the first half of 1996 are satisfactory, as they maintain the same relationship to other economies of the area. These are optimistic figures amid the pessimism that has taken over certain economic analysts and spokespersons, who, by dint of repeating that things are not going well, will end up making this prediction a reality.

For instance, how could figures indicating that the agricultural sector has generated new job opportunities, after five years of slack activity, not be encouraging? To be more exact, the agricultural sector generated 240,000

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new jobs over the past year. Or how could anyone not deem encouraging the fact that thanks to the social pact and a policy of healthy austerity, we were able to reduce the inflation rate from 22.6 to 19.5 percent?

It is true that we have experienced problems regarding the levels of job creation due to an economic slump caused basically by the recessionary effect of high interest rates, the decline suffered by the construction sector, and the impact of the fight we are waging against the drug cartels. In an effort to tackle this situation, we recently announced the foundations of the economic recovery plan. We have been complying with this plan by protecting frail sectors, hard hit by disloyal foreign competition as is the case of the textile, manufacturing, and lumber sectors, by increasing the economy's liquidity, thus strengthening social housing programs, and as of next week, by giving more guarantees to our export sector.

At the end of my administration, we will fulfill the announced goal of creating 1.5 million new jobs. Social investment goals have been surpassed by 93 percent and infrastructure goals by 89 percent. If things go well and we can tackle some fiscal difficulties, which I will refer to later on, by year end, we hope to complete 40 percent of the goals of the plan that you, Messrs. Congressmen, approved in this precinct.

Social achievements are also important. Concerning education, we surpassed by 34,000 the number of slots assigned to public schools. We outlined a plan to improve teachers' salaries over a period of three years and approved the foundations of an education plan that will guarantee the sector permanent development prospects. Concerning health, we amply fulfilled the goals of membership to the subsidized and contributive system. For over a year, 17.5 million Colombians have been guaranteed access to public and private health services. To continue to fulfill these goals, we are submitting for your consideration in this legislature a bill to regulate, in an orderly fashion, the health system of our armed forces. Regarding social housing programs, in one year, we allocated what we had allocated in the four years prior to the implementation of the program. We have surpassed projected goals in the potable water program by approximately 96 percent. After 20 years, in which no one mentioned the word water in agriculture, we were able to set up major irrigation districts such as those in Sicabocha or the Tolima Triangle, which will begin to operate before the end of my government.

In addition, the plan for micro enterprises tripled the historic records set in previous years with regard to agrarian reform. We launched a massive process of issuing deeds for purchased and vacant lots and occupied hectares, thus benefiting over 5,000 families. We made progress with regard to draining rivers, modernizing ports, making communications more technical and expanding railroad networks. We established the technical, financial, and environmental foundations to seriously consider the possibility of setting up an interoceanic link. Thanks to a timely and sufficient investment in the electric sector, we have already been spared any possible blackouts in the coming years.

The network of solidarity has shown its virtues in reaching the neediest in the remotest areas. With an investment of 360 billion [currency not given] this past year, there is no region or municipality in the country where the network's timely assistance has not reached the elderly, unwed mothers, and unemployed youth.

During the last weeks of last year, we painstakingly took the pulse and temperature of the Social Leap Plan through 75 Compes [expansion unknown] documents. You hold in your hands the summaries of these documents.

There was no week in all these months in which I did not visit a region to promote a project, support a mayor, or approve a regional document that organized the relationship between the nation and a department. The Colombia of the provinces, the Colombian Colombia, is very different from the Colombia of the capital city, the Bogota Colombia. For all these reasons, there are those who mistakenly think that at this time, when the crisis showed its greatest ferocity, I remained sheltered at the presidential palace as if under a table.

On the contrary, here is the balance of a government that, during the year covered by this report, never ceased to do what it had to do every hour, every day, every week, every month of the calendar.

The fiscal situation for this year and the next one is certainly not easy. We are going to need your determined contribution to be able to implement a series of legal, and even constitutional, initiatives that will allow us to implement with promptness and daring economic measures of significant importance.

Colombia, it is true, has a solid history of macroeconomic moderation and stability that is widely acknowledged by the international community. Thanks to this image, we managed during the past year to place Colombian bonds on foreign capital markets under very favorable terms and interest rates, but this moderation does not mean our economic policy must be passive; on the contrary, we must take much more effective steps to deal with the imbalance of our public finances, which is

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the foremost challenge lying ahead of us. The deterioration of public finances is evident because public spending has increased much more than the state's income. There is no need to be alarmed yet. The fiscal situation is still healthy enough to give us a limited amount of time to act, but we must act swiftly.

The fiscal deficit has climbed to 3.5 percent of the gross domestic product, and this has happened despite the government's efforts to decelerate the pace of spending growth, an area in which we have achieved a victory. Without this victory, this deficit would have been even more difficult. I am referring to the cut in real spending growth, which we succeeded in reducing from 14 percent to 5 percent a year.

It is clear that constitutional and legal obligations to make territorial, contractual, and distributive transferences of the nation's revenues have been curtailing the government's fiscal maneuvering room, directly affecting public spending.

Topics such as pensions, which already represent 54 percent of social security transfers, will have to be debated promptly if we do not want them to turn into a fiscal and social time bomb in the coming years. My government has ordered a study on this matter, and we hope to submit the conclusion to Congress in a short time. If we do not find the means to make more flexible the allocation of public funds, decelerate the growth rate of certain transferences, and alleviate the debt burden in the state's financial burden, in a very short time public investment will be hurt and we will have to postpone or even cancel vital social and infrastructure programs.

Therefore, the Finance Ministry will submit in a few days a fiscal austerity plan that includes a rigorous adjustment of public finances in order to protect the resources we need for social and infrastructure projects, deemed the backbone of the Social Leap Plan. Among other measures, the Plan will propose: 1. To earmark .5 percent of the contributions that the Sena [National Apprenticeship Service] payroll receives to finance science and technology programs through the signing of accords. 2. To replace the government's contributions to the solidarity and guarantee fund for health with 1 percent of the contributions on the payrolls that the family compensation funds receive. 3. To eliminate the pension solidarity fund and earmark its resources to the programs of the homeless senior citizens network. 4. To decelerate the transfer timetable to municipalities without lowering their 30-percent growth rate. 5. To eliminate, merge, and transfer public entities to improve the quality of public spending.

In addition to the administrative and legal provisions entailed in this reform of the Plan, the government will submit for your consideration a constitutional amendment proposal that, following the European system, divides the discussion on the budget into phases. During the first phase, the overall figures on revenues, expenditures, and debts would be debated. During the second phase, the breakdown of the expenditures for each sector would be debated. The government would thus have a free hand within a framework previously established by the Congress to finance the budget approved by the Congress by resorting to fiscal resources or indebtedness.

I understand the concern that some sectors feel over the mere mention of the possibility of introducing amendments to our young Constitution of 1991. The history of the long life of the Constitution of 1886 was greatly related to the occasional and timely amendments that were introduced into it to update its content. It is absurd to try to fix all of a country's woes with amendments from one constitution with another, as it is to become obsessed with the dogma that it cannot be touched.

The only possibility for a constitution to avoid becoming obsolete is for its provisions to act as a reality that is as dynamic as the changes that it regulates. The institutional amendments I bring to your consideration are inspired by the conviction that an option exists, that it is indispensable to keep the restructuring done in 1991 up to date. This is what happened, for example, with the proposal to amend Article 34 to broaden the action called illicit enrichment, in which the possibility to [word indistinct] of properties acquired by defrauding the public treasury rests. Without excluding the generic punishment for properties acquired to the detriment of social morals, the idea is to extend the punishment in an explicit fashion, the strongest that can be applied on the properties of a person, on properties and the profits that they yield, that were acquired as a result of drug trafficking, kidnapping for extortion purposes, and extortion, which are the most despicable crimes in the catalogue of the current criminal conducts.

How can one not grant the same treatment to the individual who enriches himself by stealing from the public treasury and to the individual who does it by taking advantage of the anguish of a family threatened by the kidnapping of a loved one? How can one not hand down the same punishment to the person who profits from the yields of drug trafficking?

Related to the topic of the [words indistinct] is the one dealing with administrative expropriation, which we are also hoping to correct in this reform. The vacuum the 1991 Constitution left with regard to the cases in which this action applies wound up creating a dangerous

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situation of legal uncertainty felt by foreign investors regarding the effective guarantee to protect their assets in Colombia. By limiting, as we are proposing now and as it is in most countries and constitutions of the world, this availability of real estate necessary for public projects, agrarian reform, or urban reforms, and by proposing the elimination of the last paragraphs of Article 58, regarding the possibility of a legislation that seizes the rights of property on account of matters of social equality, we are clearing the path to protect new formulas of linking foreign capital to our economy.

In another field, that of justice, the government thinks that modifications must be introduced to allow certain administrative authorities to prepare files in order to repress transgressions of the law and, under specific cases, to endow private citizens with the authority to dole out justice according to the law and international treaties that have been signed. A proposal to replace future temporary or permanent absences of the attorney general, comptroller general, and the prosecutor general is being introduced. Some cases, such as that involving the Attorney General's Office, are clarified with regard to their hierarchical status, and drastic limitations are introduced to prevent the intervention of these officials in political activities that mar their status as high officials of the nation.

The requirements to allow older people — people whose age some regard as the age of wisdom — to be able to become magistrates are hereby modified. Why engage in a generational revenge with those who, precisely because of their mature age, meet all personal and moral requirements to devote themselves to the beautiful task of administering justice? I understand the interest the proposal, which was presented to the government's consideration at a meeting with the National Liberal Directorate regarding the elimination of the constitutional figure of the vice president of the Republic, triggered on public opinion. Some have seen the episodes leading to the elimination of this figure on the ominous month of March 1905 recreated in the circumstances pertaining to the current crisis. In order to confirm their hypotheses, some have cited the historical events that at the time distanced President Sanclemente from President Marroquin and have even mentioned those events that made Bolivar confront Santander.

Without fully agreeing with these assertions, my government believes that in order to indeed guarantee governability, it is more advisable for us to return to the figure of the presidential designate, as the 1986 Constitution stipulated, not to let people think that this proposal stems from personal disagreements, which do not exist between the president and Vice President De la Calle, they [not further identified] will add to the reform proposal that the constitutional change in this regard be effective starting from the presidential term that must begin on 7 August 1998.

Several months ago, the government presented to Congress a proposal of political reform. The first constitutional commissions already conducted a first analysis on some of its more significant instruments. Regarding governability, no other issue is more significant than the approval of the general guidelines included in the political reform. The solution to the crisis we are already overcoming would have been easier and less disturbing had the country had a stronger system of political representation. This situation depicts the political life's degree of deinstitutionalization. Terrorism, drug trafficking, social dissatisfaction, vigilante groups, more crime, and the aberrant impunity, among other factors, have ended up destroying the institutional channels that a few years ago allowed a peaceful solution to citizens' demands.

The old bipartisan structure, along with the National Front, have put a lid on the new political forces' institutional expression, and the lack of clear rules of the game for partisan expression at the regional level have ended exerting pressure on the representation of parties in hundreds of splintered and unequal electoral undertakings. The parties' crisis is not a phenomenon pertaining to Colombia only; it stems from a widespread situation: the world's political representation crisis.

The practice of politics as a means to instill values, according to what was taught by ancient Greeks, has been replaced by a voracious pragmatism. What is important today is to show results, to make one's mark without paying attention to ethic principles or moral advantages. The new 1991 Constitution failed to include solutions to this phenomenon of institutional fracture. Article 108 prevented guidelines for the democratic organization of political groups from being dictated. The limits to finance campaigns were not set, and the composition and scope of electoral authorities was not defined either. Although the concept of opposition was included in the Constitution, its scope was not clearly established.

In order to correct these maladjustments, the reform proposes the following recommendations: a legislative reform allowing the law to organize the democratic operation of parties and letting its leading bodies and candidates to institutional posts be chosen through internal and free elections; a legislative reform letting the state fully finance presidential campaigns and facilitate citizens' contributions to the respective treasuries of movements and parties, so that we will never again experience the nightmare we experienced this past year regarding the irregular financing of campaigns. We need the

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state to carry out the task of guaranteeing the honesty of democracy by fully financing presidential campaigns and even regional campaigns, if parties are deinstitutionalized. No other investment is more necessary or more justified than this one.

In addition to allocating resources, this directive would include other guidelines on decreasing of costs. These guidelines would be included in such a statutory law as the shortening of campaigns to two the three months and the free access to state-owned media and public transportation for parties and movements. It is a legislative reform that will regulate the constitutional exercise of the right to form an opposition at the national, departmental, and municipal levels. This exercise would also be included in another statutory law that would contemplate the handling of overseeing bodies and would include innovations such as parliamentarian blocs and the exercise of the right to respond [replica].

I understand, I understand the concern certain sectors traditionally used to control power in Colombia have because of the so-called political crisis we are already overcoming. Let me disagree with this statement. I believe that now we are truly witnessing the emergence of a new country, a country we had repressed and controlled. It is the country of the Colombian interior, which the media has handled with its peculiar interpretation of what was or should be regional identity for them. For the first time in 50 years, social and popular forces are expressing themselves, and they are doing so in a peaceful manner in squares and streets. Passions of the heart and mind have been born again; it is the passion for or against the government; it is the passion for or against its programs. It is the passion of being in favor or being against something. This is not bad if we are able to channel it and if we do not insist, as a few Santa Fe de Bogota personalities do, that power belongs to very few Colombians.

This is why I do not fear opposition as long as it expresses itself democratically, without conspiracies or subversion; it is a democratic opposition that lets the new country express itself too.

It is a legislative reform that will contemplate a new system of vote through general elections held on the same day to elect governors, mayors, congressmen, deputies, councilmen, and candidates to internal consultations. The two presidential rounds of elections and community elections will be held every four years. With this regulation, we would not only reduce election costs, which are high already, but would also facilitate, through these general elections, the protocol of partisan representations and new alliances from the municipal level up. This would make politics dynamic again starting with the already required institutionalization. The new electoral calendar will undoubtedly further protect minorities' rights and will standardize the terms of the president, governors, mayors, congressmen, deputies, and councilmen, all of whom would take office on the same day every four years.

And new temporary paragraphs would permit the extension of the terms of the current officeholders, governors, mayors, councilmen, and deputies, in order to put them in synch with the new terms that would begin on 7 August and 20 July of 1988 [year as heard] respectively. The reforms also propose that vacancies of posts be filled until completion of the constitutional period of the individual who is being replaced.

Messrs. Congressmen: A constitutional engineering work, like the one we are announcing today, has never been so necessary. Democracy without parties is like a labor representation without unions, or like a business group without businessmen. I invite you to commit yourselves to this unpostponable task returning to political parties and political and social organizations their befitting political role. In the vacant field of a democracy without parties, authoritarian modes bloom. Violent challenging demands, civic strikes, and false protagonist roles of those using the common interest as a guise to hide representation or defense their hidden private interests.

The sole way to eliminate this precarious situation is to return seriousness and consistency to politics. This can only be accomplished through a new structure of political representation that is strong, solid, democratic, and effectively committed to some principles.

Another strong measure included in these reforms refers to the so-called state of exceptional measures. Articles 212, 213, 214, and 215 of the Constitution must be changed if we want the government to effectively recover its ability to maintain public order as specified by the constitution. To restore the executive's ability to govern, the reform establishes that the constitutional court — in keeping with its former jurisprudence — cannot question the motives of the executive branch for decreeing a state of exceptional measures, or a state of war, for a violation of public order, maintaining, of course, its constitutional control over all decrees issued.

When the Constitution refers to the declaration of disturbances, it specifically refers to just that, a declarations whose reach is wholly political, and therefore cannot be questioned.

The reform goes much further. It eliminates the time limits on interior disorders. How can you set a time limit on a state of public disturbances? How can one

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says one has until tomorrow to quell public disturbances, or the Uraba massacres, or to prevent murders from being committed? I understand your concern regarding these changes, that we could return to the former, permanent, state of siege. To eliminate this possibility, we propose a strengthening of political controls and a definition of the causes in which there should be presidential responsibility in case of an abuse of the discretionary powers of each respective articles. The powers for maintaining public order cannot be subject to deadlines or to conditions that differ from those which impose respect for the fundamental guarantees protected by the constitution. An issue that must be approved gives military authorities the possibility of carrying out the functions of the judicial police in investigating certain crimes that the executive branch assigns the military when it implements the exception of disturbances powers.

The idea is not to return to the practice of replacing civilians with soldiers — a standing prohibition — as the most effective and expeditious way whereby military authorities can repress crime, for the good of all honest Colombians, by compelling these authorities to speed up the surrender of already identified criminals to the administration of justice.

Another new measure establishes an exception to the principle of penal favoritism and refers to persons who have been sentenced, regardless of the duration of the sentence, during the application of disturbance measures. According to the standard to which we refer, when the state of disturbance is lifted, these persons cannot invoke favoritism to escape punishment for their criminal behavior surely associated with the disturbance of public order.

Similarly, the reform proposes reconsidering the possibility of the Executive appointing military governors and mayors whenever exceptional circumstances, like violent death or a serious disturbance of public order, make it necessary. These officials would restore order and return the office to the proper authority when the governability conditions permit it.

Dear congressmen, the reason for these reforms are very simple. Without these instruments and the financial resources, in the form of a once-only special contribution which we will request from big contributors next week to finance an nonpostponable urgency plan for the Armed Forces, we cannot think seriously that we will be able to defeat crime, which becomes more and more serious each day.

When this speech is over, approximately 120 Colombians will have died violently. One every minute. How can we accept this as our fate, that of becoming the world's most violent country? As some people might think, reinforcing these presidential powers does not mean the government will renounce seeking peace. As I have pointed out, this peace will have to be sincere, lasting, and stable. For peace to be like this, it has to be based on the state's capability to defend the lives, property, and honor of all honest citizens as the Constitution commands.

No government, except mine, has gone so far in presenting a peace proposal that makes it possible to find political solutions to the armed conflict that distresses and troubles us. No government, except mine, has defended more determinedly the respect for human rights in the middle of war and the punishment of the violation of these rights by state agents, regardless of their nature. My government signed the Geneva Protocol on Humanitarian (?Treatment) and requested the presence of a UN High Commissioner to help supervise the proper fulfillment of human rights respect in Colombia. This same commitment gives me moral and political authority to request from you a favorable decision on these measures. Our capability to preserve order in the framework of obedience to law and respect for human rights is the only circumstance that can pave the way for a proposal for permanent peace as a state policy.

At the conclusion of the recent trial at the Chamber of Representatives, which has exculpated me from events surrounding the financing of my campaign, I announced that I would present a series of bills that, in my judgment, would mark the beginning of the definitive battle against drug trafficking; that is, the legal battle. The laws currently available to the Colombian state to combat large, drug trafficking organizations, subversion, and gangs of kidnappers are insufficient and limited. No one can doubt my administration's resolve to combat these forms of organized crime, which are attempting to become the lords and owners of certain regions and sectors of the country in order to impose their corruptive will and their own criminal laws through blackmail, intimidation, or offers of easy profit. They or us, law or chaos, civil obedience or armed rebellion.

The first bill pertains to the issue of the confiscation of assets and the yields stemming from such criminal activities as drug trafficking, subversion, and kidnapping. Apprehending, prosecuting, and sentencing major criminals is not useful to us if we keep intact the patrimonial foundations that support them and allow them to keep increasing their illegal activities. In order to cut these criminal activities once and for all, we have to find out the economic roots that finance them in order to keep them from engaging in drug trafficking and not to let new drug lords emerge when others are apprehended.

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In order to prevent guerrilla fronts from increasing their number and to prevent more kidnappings, we have to locate the financial sources that support and feed these activities. We are not talking about pennies here; it is estimated that armed subversion handles resources totalling more than 452 billion pesos annually as a result of drug trafficking, kidnappings, extortion, and cattle rustling. This is the equivalent of the Prosecutor General's Office's budget for next year, which exceeds 1 billion pesos per day.

The figures representing goods confiscated from drug traffickers in the last seven years could not be any more relevant: To date, we have confiscated 2,600 vehicles, 689 aircrafts, 1,011 urban properties, and 1,188 rural properties. These latter properties, which encompass a large portion of the country's best arable land, constitute the foundations to embark on an unprecedented agrarian reform in Colombian history.

Initial estimates show that confiscated goods in the hands of the National Drug Directorate amount to more than $500 million.

With the amendment of Article 34 of the Constitution on the confiscation of goods linked to this type of criminal activities, the bill I am currently presenting for your consideration and debate contemplates the following legal measures: 1. The elimination of the right to own all sorts of goods, including tangible, intangible, real, or personal real estate properties or any good linked to criminal activities, especially those related to subversion, kidnappings, and drug trafficking, that constitute a patrimony. 2. It stipulates the same sanctions when the confiscated goods were inherited or purchased. 3. It defines expeditious and short procedures for the jurisdictional exercise of the elimination of the right to own goods without downplaying the due process or the rights of honest third parties, and it defines the jurisdiction of a single judge for these legal procedures. 4. The motion to eliminate the right to own properties will be exercised autonomously and independently from the penal process to prosecute people. 5. It defines incentives to individuals who report goods and defines fines and sanctions for criminals who fail do so. These fines and sanctions could amount to up to 7 billion pesos. 6. The anticipated confiscation of goods by the state is allowed for sale through an auction. 7. The Fund for the Fight against Corruption, the Underworld, and Organized Crime [Fondo para la Lucha en contra la Corrupcion, el Hampa y el Crimen Organizado] is created. It will allocate the proceeds from these sales to programs pertaining to the fight against organized crimes, drug consumption prevention, promotion of a legal culture, and the drafting of social housing and agrarian reform plans.

The second bill deals with suffer sentences. There are two systems to pronounce a sentence: The first system is the Anglo- Saxon system, which contemplates the possibility of judges negotiating sentences, and the second system is the European system, which defines a part of the sentence assigned according to the judge's opinion, and is also relatively applied in an inexorable fashion.

In Colombia, with the famous law of surrendering to justice, we tried to conceive a hybrid system, which is leaving us with the worst each one of these two systems has to offer. Starting with these low portions, judges negotiate sentences that end up being ridiculous, given the scope of the crime being considered. Keeping the monopoly of pronouncing higher sentences in state hands and keeping the validity of certain universal reasons for sentence reduction, such as confessions and anticipated sentences, are better.

It does not make sense to continue with this fair of reductions and cheap tricks [baratijas], into which the surrendering policies have turned; we must start a system of exceptionally moderate sentences. The elimination of the surrendering policies we are proposing would also send a clear ultimatum to criminals who remain at large. Those who fail to surrender before this law is passed will have to face the consequences of a system of much more drastic sentences without being entitled to avail themselves of those legal sentence reductions in effect today.

A basic portion of the bill deals with the sanctions established for the so-called front companies, the partners of which will be punished without considering the legal punishments imposed on the companies themselves.

The additional punishments established against those who, in addition to being prosecuted for the crime of drug trafficking, belong to a criminal organization is a fundamental part of the new statute. The so-called drug couriers who serve as retail drug carriers do not have any excuse to receive tougher punishment abroad than those of the major drug traffickers that make them do this. Thus, the bill increases to 30 years the sanctions against all those who organize, promote, constitute, finance, lead, or head conspiracies to commit crime or organize associations to commit crime. With these regulations, we hope to have blunt instruments to land a blow on subversive groups, cartels, the gangs of kidnappers, the groups that take justice on their own hands, the gangs of paid assassins, among others, that commit crimes that have completely invaded us.

There will not be a battlefield for this fight that we are beginning to wage today against organized crime, and,

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with your help, we will rid Colombia of these crime organizations that are hurting us so much.

I understand, as certain congressmen have rightfully told me, that the approval of these initiatives will not be exempt from perils and difficulties. Colombian Congress, along with the executive branch, have an exceptional opportunity to show to the world that, without fearing any domestic or foreign threat, we are willing to confront organized crime, especially those related to drug trafficking. In any case, I want to announce that if exceptional circumstances of security that would jeopardize the personal safety of congressmen were created due to the approval of these laws, the government would not hesitate to reach an agreement, if this is the resolve of Congress and the Chamber of Representatives, on the approval of certain special powers for the executive branch to implement, under my own responsibility and risk, the laws that I presented.

Congressmen, this has not been an easy year for the country, let alone for its president. The only thing that could be compared to the people's moral pain is the fatherland pain we rulers sometimes feel. Colombia has indeed hurt me a great deal in the past year. It hurt me, because I am seeing how we ourselves are seriously harming it; it hurt me to listen to leaders and religious people talk about reconciliation in a language of war. It has hurt me, because I have contemplated how criminal forces win ground while leaders continue to be devoted to waging a senseless battle. It has also hurt, because I have seen how foreigners harm it in an effort to turn into a universal lesson without listening to reason or justice. It is once more the old and tired recourse of shirking one's own responsibilities by throwing dirty water on one's neighbor. Colombia has hurt me, because, while all this is going on, I have also experienced the anguish of the neediest Colombians, of those who await running water, the opportunity to land a job, a dignified pension, the announced plot of land, a place in school, the first house. It has hurt me, because I see that certain media have become insubordinate prophets who seem to be unsatisfied when their worst predictions on the country do not materialize, while leaving almost no place for hope or happiness. It has hurt me, because, on more than one occasion, I have noticed interests that seek to turn justice into a tool at their service and that are willing to engage on the roughest attacks and follow the most crooked paths when legal decisions fail to make their predictions a reality.

For this reason, I am calling for a great reconciliation, not to save myself or the government, but to save Colombia from our own infinite capacity for destroying it. It is true that we have problems and that some of these problems are delicate, but, if we weep over them or confront them blindly, we will only succeed in aggravating them. I am sure we will be able to save the country if we optimistically unite in this formidable reconciliation effort and deal with the historic time through which we are passing. In this saving alliance, the Congress and political parties should set an example of progress.

Let's meet problems with solutions and imagination, not with fateful predictions or late regrets. If the economy slows down, let's seek ways to reactivate it. If violence overcomes us, let's find ways to defeat it. If poverty affects us, let's work to overcome it. If we are attacked from the outside, let's respond in unity from the inside.

I invite you, call you, and urge you to seek reconciliation. We must show to history that we are great enough to leave behind this suicidal stage of confrontations and, with harmonious rules of the game, come out to meet the new century, whose splendor can already be glimpsed. This is the least that our children expect from us. I want to give an opportunity to faith, a faith expressed earlier this afternoon. If I were to choose between the country that suspends the visa of a friendly country's president to stigmatize and pressure it and the country that harbored the ideas of Abraham Lincoln, I would stay with the latter, in particular when I say: Let us not permit others to slander us with false accusations or separate us from our duty with threats of destroying the government or putting us behind bars in dungeons. Let's have faith in the force of reason and, in this faith, let us be courageous to do our duty to the end, just as we understand it. Let us base our force on reason. United, let's do the historic duty that awaits us all Colombians to the very end with the help of the same God. Long live Colombia's people and sovereignty. Long live Colombia forever. I declare the Congress' regular sessions formally installed. Thank you.

Colombia: Chamber Head Says Samper Must Handle U.S. Ties

PA2007131696 Medellin EL COLOMBIANO in Spanish 16 Jul 96 p A2

[FBIS Translated Text] Santa Fe de Bogota (Colprensa) — President Samper must lead the redefinition of Colombia's international relations following the U.S. Government's decision to revoke his entry visa to the United States.

Chamber of Representatives President Rodrigo Rivera pointed out that the signals being sent by the United States with respect to toughening its position toward Colombia are causing more and more concern, and suggested a redefinition of the country's foreign policy

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so that it will be more acceptable at a national level and supported by all political parties.

According to the Chamber of Representatives president, as the head of state, "the president is responsible for the manner in which the country's foreign relations are being conducted.

"I believe Samper should once again conduct a reorientation of Colombia's foreign policy, just as was being done before the crisis when it was supported by the traditional political parties and based on safeguarding the nation's interests over and above those of the parties."

He claimed that, during times such as these, when all sorts of decisions that can undermine the country's interests can easily be implemented, caution must be taken due to the major repercussions any hasty reaction may entail for the country.

The Country Is at Stake

According to Rivera, what is at stake is not simply President Samper's future, but that of the country and its incorporation into the international community.

Rivera believes the handling of bilateral relations with the United States, despite how traumatic it may be, is still too important for the country.

"Measures such as the revocation of the visa pulverize all investment expectations, the growth of trade, and may even have some sort of repercussions in rescheduling the economic programs of several of the industrialized nations," he explained.

He said the way the U.S. Government has behaved toward Colombia shows the temerity and arrogance with which it is acting and, Rivera warned, this is dangerous "because the United States is advancing toward rampant interventionism in Colombia's internal affairs."

Sovereignty

In Rivera's opinion, one could see this was coming with the U.S. intervention in Cuba with the Helms-Burton law, which has not been well-received by the international community.

He also said the United States is using a reevaluated concept of sovereignty that is debatable and very dangerous.

Regarding the feuds in government, which can be seen in the differences that have arisen between Vice President Humberto De la Calle and Interior Minister Horacio Serpa, Rivera considered that they do not deserve much attention because they are not the most serious situation in the political arena.

The congressman described the episode as part of the collection of anecdotes in domestic politics.

"This should not make us lose our bearings. Internal disputes should not make us lose sight of the fact that what is at stake is not Samper's foreign policy but Colombia's foreign policy, which obviously should be headed by him," Chamber of Representatives President Rodrigo Rivera observed.

Colombia: Michelsen Urges Samper To Resign After Reforms

PA2207134796 Santa Fe de Bogota EL TIEMPO in Spanish 21 Jul 96

[Article by Alfonso Lopez Michelsen, former president of Colombia and member of the Liberal Party: "A Dignified Way Out" — received via Internet]

[FBIS Translated Text] Regarding recent political events, nothing is mentioned as often as the question of a dignified way out for President Ernesto Samper. It is an issue on which both friends and enemies of the president agree.

Only when specific ideas are mentioned do differences arise. For many spokesmen a dignified way out is reduced to a question of dollars and cents: when the president leaves office, his status of former president, including the corresponding pension, will be respected. However, for other spokesmen, aside from his maintaining his status of former president, what is most essential is that he prove his innocence regarding the illicit enrichment charge in favor of a third party (the Liberal Party, to which Samper belongs). This is what he received when he was acquitted by his legitimate judge, or, as is now being said his "natural" judge, the Chamber of Representatives.

Having secured any of these two requisites, the president had no reasons to insist on remaining in office.

This is the third position, which could be summarized as follows: "If an accusation no longer exists, why doesn't he retire in a dignified manner to enjoy his pension?"

It seems to me that all these briefly described positions convey the same mistake. That is, that no president would like to go down in history as someone whose major contribution was to retire after having been declared innocent of the crimes he was accused of committing. His patriotic ambition must be to leave some memorable and significant impression in the history books of generations to come.

And how can one come to terms with these two seemingly irreconcilable positions?

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It seems to me that the impossibility to govern can hardly be satisfying to a ruler.

He had to retire because nobody paid any attention to him, either inside or outside of the government, seems a meager consolation prize to me. At any rate, it is like kicking him out [sacarlo a sombrerazos] so that tomorrow it may be said that in a disinterested gesture he withdrew from the government to place the common interest before his personal interests.

As much as I have been an enemy of half truths, partial solutions, and half measures, it occurs to me that we could try a third path, difficult to cross, but not impossible.

Presidents always want to leave behind some work for which they will be remembered. In Samper's case, this would be the reform of the 1991 Constitution, adapting it to the country's new conditions and the fruits of experience gathered in these five years. It would be Samper's reform, on which government officials have been working for a number of months, echoing general, and often unanimous, opinions. To mention some of these, I would mention the abolition of submittal to justice, the election to the Senate by national districts, reform of the Supreme Court, limits to decentralization in regards to responsibilities, handling of the public expenditure in keeping with credit and the exchange rate... what do I know!

If the president were to establish a deadline to carry out this program and then resign, Colombia and its republican institutions, even the president himself, would have nothing to lose and everything to gain. The president would retire with a major government accomplishment, including many others in the social arena, legally accomplished. Congress, and its Liberal majority, would take advantage of the opportunity to vindicate itself with a task that would make it justly deserving of being described as admirable, and our Liberal Party would be in an undisputable position to retain the title to continue governing.

On the struggle against drug trafficking, the reforms to the Penal Code and to the Constitution on corporal punishment and economic sanctions would show the world we are capable of redeeming ourselves of the "narcodemocracy" nickname because none of the three branches would bear the blemish of having opposed a full reform of the economic and legal conditions that made it possible to point us out as the drug production and distribution nerve center.

We have seen that what is demanded of us is not more deaths or more prisoners, but legal measures that may be described as cooperation.

No politician resigns under fire even when asked to do so by his enemies.

Colombia: EL TIEMPO Head Urges 'Dignified' Samper Exit

PA2207144196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 Jul 96

[Telephone interview with Hernando Santos, director of the daily EL TIEMPO, by an unidentified reporter; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Reporter] EL TIEMPO carried a column by Alfonso Lopez Michelsen in which the former Liberal president proposed that President Ernesto Samper seek a dignified solution. In the opinion of former President Lopez Michelsen, this solution could involve Congress approval of the reforms to the 1991 Constitution that Samper proposed last Saturday.

Don Hernando, as a Liberal leader who is concerned about the country's fate, what is your opinion about former President Alfonso Lopez Michelsen's proposal that President Samper seek a dignified solution, as he called it?

[Santos] I think it is a very logical proposal. It was presented with respect and calm, without using the insulting adjectives that have been in vogue among the reporters. I think that the former president's proposal basically calls for approval of the reforms, which are very important. Dr. Samper should seize this opportunity if he wishes to withdraw, because all of us who have suggested this — I did the same in an editorial — want the President to consider his withdrawal.

I think that Lopez Michelsen's proposal is both logical and sound, because it is not an imposition or anything like that, but it proposes a way to allow President Samper to withdraw with dignity and respect.

[Reporter] Some think, Don Hernando, that President Samper is perhaps facing his most difficult situation at present, because his own friends, such as you, and his own tutors, such as former President Alfonso Lopez Michelsen, have suggested he resign.

[Santos] Yes, it is not a pleasant time for the president, but I think his speech was good, and the proposals he presented to the parliament are serious. They are serious reforms that are needed. We must now wait and see what the head of state decides to do.

[Reporter] Don Hernando, President Samper has voiced much regret during this time of crisis, because he has claimed to have no interlocutor with whom to reach an agreement. In view of this and of the fact that two prominent Liberal Party leaders have urged him

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to resign in the past days, namely, Don Hernando Santos and Dr. Alfonso Lopez Michelsen, could you two become the interlocutors to reach an agreement with President Samper to seek that dignified solution?

[Santos] I think this is difficult because I am simply the director of EL TIEMPO and Dr. Lopez Michelsen, whom I spoke to days ago, is a former president. As interlocutors, we could represent a segment of the population, but [words indistinct]. He will find interlocutors as soon as he decides what he will do. I am sorry, but I must go; I am heading towards one of the worst destinations: to my dentist's office.

Colombia: Samper Said To Seek Support Through Letters

PA2307012196 Santa Fe de Bogota EL TIEMPO in Spanish 22 Jul 96

[Unattributed report: "Samper Seeks Support Through Letters" — received via Internet]

[FBIS Translated Text] "I am not a collector of support," President Samper said in a recent interview with EL TIEMPO.

Nevertheless, he now seems to be establishing some exceptions to the rule he himself set and has decided to activate a network of communication via letters with businessmen and influential people in the community to invite them to join his proposal for "national reconciliation."

Two weeks ago, when the U.S. Government decided to cancel his entry visa, the president ordered the printing of nearly 10,000 form letters expressing his invitation.

He also ordered that each letter be given a bar code and that it include a return envelope so that the respondents could be classified in an orderly manner.

"(...) I have decided to resort to this process of citizens' participation and I want to invite you as a Colombian to actively participate, sending me by return mail your ideas, proposals, and formulas for reconciliation," one of the main paragraphs of the letter stated.

Justifying the procedure being used, Samper wrote the following:

"At a time when we Colombians must seek formulas of understanding, I have decided to use letters as an appropriate means to establish direct communications with my fellow citizens. As an influential individual in your community, what I am experiencing now might have happened to you. On occasion, the ideas I want to express undergo the distortion inherent in modern forms of mass communication. Therefore, I hope this will be a channel to open a positive two-way dialogue between us."

Colombia: Government Apologizes to Venezuela on Report

PA2307040796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 23 Jul 96

[FBIS Translated Text] A week before the meeting between Colombian Foreign Affairs Minister Maria Emma Mejia and Venezuelan Foreign Affairs Minister Miguel Angel Burelli Rivas in Caracas, Colombia has apologized for a report that was sent to congress.

To avoid more damage to the delicate relations between the two countries, President Ernesto Samper has ordered that the publication be withdrawn. The publication includes a report from the Administrative Department of the Presidency's to Congress, which has a chapter by the National Security Adviser Guillermo Uribe, who in uncustomary terms attributes to corrupt Venezuelan officials the sale or trade of arms to Colombian drug traffickers and guerrilla forces.

The Foreign Affairs Ministry said it regrets the incident and indicated that report in question reflected the personal opinions of the counselor, not the official position of the administration.

Colombia: Court Maintains Crime of 'Illicit Enrichment'

PA2107135596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 19 Jul 96

[From the "National Newscast"]

[FBIS Translated Text] The Constitutional Court has maintained the crime of illicit enrichment, and thus, Case 8,000 survived. Nonetheless, the decision was not unanimous. Three of the magistrates cast dissenting votes, among them, Court President Carlos Gaviria. The magistrate explained his reasons:

The magistrates who cast dissenting votes claimed that the illicit enrichment by a public official is not the same as that by a private citizen. To accuse a public official of this crime, it is necessary for his assets to increase unjustifiably regardless of the origin of the money; in a private citizen's case, the money must come from criminal activity:

[Begin Gaviria recording] We, the magistrates who cast dissenting votes, believe that this ruling should have been conditioned on the fact that, under specific circumstances, in handing down a sentence for illicit enrichment it is necessary to previously [2-second break

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in reception] judicially the source of the illicit enrichment, for example, drug trafficking. [end recording]

According to Gaviria, Jorge Arango, and Alejandro Martinez, in some cases the constitutional presumption of innocence is violated when the state accuses an individual of illicit enrichment, without having previously proved the crime. This theory does not seek to support drug traffickers and all those involved in Case 8,000.

Colombia: Superintendent on Anti-Money Laundering Steps

PA2107041896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 19 Jul 96

[From the "National Newscast"]

[FBIS Translated Text] The government is exerting pressure on money laundering again. The requisites to open a bank account will be increased, and, in addition, there will be tougher sanctions on those who evade control measures. The Banking Superintendency announced this new system today.

The new system to fight money laundering increases fines from 20 million to 1 billion pesos on banks that allow dirty money into their accounts; it includes fines of up to 50 million pesos for employees who take part in this crime. In addition, it increases the requisites to open savings accounts, the purchase of certificates of deposit, and other savings services.

[Begin Banking Superintendent Maria Luisa Chiappe recording] All types of operations within the financial system are susceptible to money laundering, and thus our financial organization must design means of protection in very precise terms. [end recording]

The package of measures establishes that banks must present to the Banking Superintendency a monthly report on their clients' operations.

Colombia: Ospina Sworn In as New Education Minister

PA2007211896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 19 Jul 96

[Report by Jorge Enrique Bolanos; from the "24 Hours Newscast"]

[FBIS Translated Text] President Samper's cabinet continues to undergo changes. Today, Mrs. Olga Duque Ospina was sworn in as new education minister.

Mrs. Ospina is the third education minister to be appointed since President Samper came to office.

Despite not representing the entire opposition Conservative Party, she still has the backing of the sector within the party that supported the president during the process at the Chamber of Representatives.

[Begin Ospina recording] We intend to restore patriotic values that have been lost for some time. It is time for us to distinguish between good and bad. We plan to implement several changes. We have several plans in mind, but what I intend to do is to start executing new programs and talk less. [end recording]

Colombia: Reports of Fidel Castano's Death Questioned

96GE0076A Santa Fe de Bogota SEMANA in Spanish 9 Jul 96 pp 40-41

[FBIS Translated Text] Despite the fact that intelligence reports point to a confirmation of Fidel Castano's death, some doubts still linger.

Under normal conditions, a statement as forceful as that made by Carlos Castano Gil to SEMANA regarding the death of his brother, Fidel Castano, would not leave any room for doubts or interpretations. However, the fact that the new leader of the self-defense groups could not describe, with absolute certainty, the circumstances under which his brother died permits us to ask a few questions.

The first one is related to the real verification of the death of the self-defense groups' chief. To date, there is no corpse of either Fidel Castano or his five companions. This is a society that has been subjected to nothing but deception lately, and for that very reason has ended up enrolling in the school of St. Thomas [doubting Thomas], the one that claims not to believe until it sees. Hence, even after the statement from his own brother, it would have to be said that, from a technical and legal standpoint, Fidel Castano is more missing than dead.

A second factor requiring that we leave room for doubt of Castano's death is that, in the opinion of judicial authorities queried by SEMANA, the founder and supreme leader of the self-defense groups might have sufficient motives for promoting the idea of his own death. Among other things, because Fidel Castano's legal situation was untenable, since the Prosecutor General's Office had formally linked him with several crimes. In other words, the leader of the self-defense groups could not receive any judicial benefits, because he already has a duly executed sentence imposed on him. The sources claimed that the only thing that would be useful to Fidel Castano is a pardon, which would be unthinkable under the country's present circumstances. A member of a security agency told SEMANA: "At the present time, Fidel Castano would be better off dead than alive."

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On the other hand, a different high-ranking state security official claims that, although it is impossible to say the last word in one direction or another, Carlos Castano's statement is quite likely to be true. The circumstantial evidence collected, the reports and analyses prepared by the competent agencies, and Castano's obvious absence from the scene seem to indicate that the chief of the self-defense groups must, in fact, be dead.

Although these state agencies accept the theory that, if he is alive, Fidel Castano would benefit from being considered dead, in any case they believe that much of the information collected to date from their sources, or from the analyses of the facts that they have made, points to confirmation of the death of the self-defense groups' chief. A military source consulted by SEMANA, although admitting that possibility, would not officially commit the institution to this notion.

A high-ranking police source, for his part, while considering the possibility that Fidel Castano may have been killed in a confrontation with the guerrillas, as was rumored several months ago, asked: "If Fidel Castano was killed in a confrontation with the FARC [Revolutionary Armed Forces of Colombia], why has that organization, which would be the big winner, because he was its greatest enemy, failed to take credit publicly for such an act?"

In this connection, during an informal conversation held with Alfonso Cano, one of the FARC commanders, following an interview that he granted to SEMANA a little over a month ago, the guerrilla chief claimed that, although it is true that they had information indicating this, his organization lacked the evidence that could prove it. Because, if the guerrillas had killed Fidel Castano, it would be the best trophy that they could display in their battle to the death against the paramilitary groups.

Although, under the present circumstances wherein, among other things, a 20-year sentence from the Prosecutor General's Office is pending against Castano for the crime of collusion to commit crime, it would be more advantageous for the leader of the self-defense groups to be considered dead than to appear alive, the fact that his brother acknowledges his death would have a high cost, psychologically and in morale, for that organization's rank and file.

Castano, or "Rambo," as he is called, embodies the greatest enemy of the subversives in Colombia. And his battle against the guerrillas has prompted many of the country's productive sectors, including several livestock raisers from Cordoba and Uraba, in Antioquia, to support that battle financially.

If his death is confirmed, Fidel Castano, perhaps the only person in Colombia who declared war on Pablo Escobar and won it, would have fulfilled one of the desires that he revealed to SEMANA in the only interview granted to a news medium, in which he declared that he would never be deterred under any circumstances or for any reason: "I believe that I shall ultimately attempt to support myself by living in the countryside, and I prefer to die there, and not give my enemies the opportunity to attain their objective. This being the case, I have promised myself that I shall never permit them to take me to a jail. I swear it."

The only thing certain is that the real truth concerning this story will eventually become known some day, either because evidence appears proving that Fidel Castano actually died while traveling from Uraba, in Choco, to Panama, as his brother Carlos claims, or because, in a country like Colombia, sooner or later the whole truth eventually is revealed. And the fact is that in Colombia, more than anywhere else in the world, the proverb claiming that there is nothing hidden between heaven and earth applies.

Colombia: Violence Erupts in Guaviare, Miraflores

PA2207200996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 22 Jul 96

[All speakers identified by caption; from the "National" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] [Announcer Yolanda Ruiz] Guaviare is facing a very serious situation. This department is a time bomb that has already started to explode. Peasants heading for San Jose del Guaviare were violently stopped in an incident that left several injured and at least two missing. There is a confusing situation. There are different reports on what happened there. The truth is that tension is mounting and the peasants' protest continues:

[Begin recording] [Reporter Alberto Medina] After a clash between demonstrators and the Army in El Retorno, Guaviare, created chaos, many peasants frightened by the shooting decided to return to their farms. Others are searching for their injured and missing relatives. The rest insist they will not move until the government lifts public order measures and returns power to the civilian authorities:

[Calamar resident Bernardo Sanchez] Civilian authorities lost control here, because the Army is currently in command.

[El Retorno Mayor Alvaro Jimenez] The military men told us: Unfortunately for you we are the bosses here.

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[Medina] The clash started when a group of demonstrators tried to cross a barrier the Army erected to stop the peasants' march toward San Jose del Guaviare. A rain of tear gas and bullets started to fall then. Women and children were not respected.

[Area resident] They saw my children and I were about to faint because of the tear gas, but they walked over us and did not even offer to help us [words indistinct]. We had to run away the best we could. My children have fever, diarrhea, and a sore throat, and I am also sick.

[Area resident] The girl was in front carrying a flag and a soldier wearing a black hood fired at her and hit her leg.

[Medina] Tension is also mounting in Miraflores, where about 10,000 peasants occupied its landing strip, the sole link with that far-away municipality. Food is already in short supply, and diseases are starting to affect the demonstrators. The health center has already treated 213 persons. The peasants are demanding the central government commission start talks and prevent bloodshed:

[Area resident Guillermo Uribe] We do not want war. We want the government to listen to us to reach a peaceful solution. [end recording]

[Announcer Manuel Teodoro] In Santa Fe de Bogota, Defense Minister Juan Carlos Esguerra presented a report on developments in Guaviare. He said nine men in uniform are among the injured. The official added there is nothing to negotiate with the demonstrators, because Guaviare will continue to be a public order zone.

[Begin recording] [Reporter Gloria Tinnes] Although there are no official reports on dead in Guaviare, the defense minister announced an investigation to determine the origin of the bullets that caused injuries among civilians:

[Esguerra] This is why I am surprised by the possibility of injured or dead due to public force actions. I do not believe this; however, we started the corresponding investigations.

[Tinnes] Meanwhile, the order to deny the demonstrators' access to San Jose del Guaviare is still in force. Esguerra also ruled out the possibility of negotiating. He added that, despite the protests, which are already a week long, that the department will continue to be a special public order zone:

[Esguerra] In cases such as this one, involving principles or the violation of the law, no negotiations are possible.

[Reporter] No negotiations are possible in this case?

[Esguerra] None under such conditions.

[Reporter] The Army has transported to Villavicencio more than 4,000 peasants who produced identifications. They decided to abandon the protest. [end recording]

[Announcer Maria Beatriz Echandia] The national government, which had remained silent over the peasant protest, has started to take matters into hand after the violent incidents. The governor of Guaviare confirmed this. The governor confirmed he is already in contact with Interior Minister Horacio Serpa:

[Begin Guaviare Governor Eduardo Florez recording] I have talked with the interior minister on about six occasions to keep him abreast of the situation. I spoke to him at 0900 today. He is awaiting a report on what peasant leaders want before he travels there or the peasants travel to Santa Fe de Bogota to establish a dialogue. I presume this would be a long dialogue, because the peasants will present all the problems facing them and try to overcome the conflict. [end recording]

Colombia: ELN Document Said To Note Group's 'Weak Points'

PA2007150396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 17 Jul 96

[From the "24 Hours Newscast"]

[FBIS Translated Text] The ELN [Army of National Liberation] is in a crisis. A document drafted by the the group's Central Command bares its weak points.

[Begin reporter Marta Rojas recording] In a thorough analysis, the ELN's latest military notes, which the "24 Hours Newscast" has obtained, confirm that the group — led by Priest Manuel Perez — is in the midst of a true crisis. They confirm that 80 percent of their human losses are due to flaws in security.

They also reveal the failure of the Eagle Flight operation, which sought to weaken the Army. The document, seized in Norte de Santander Department, also acknowledges that its weakness lies in the nonexistence of a training school.

The rebels also confirm that, although they are in crisis, the strategy for this year will consist of attacking small military garrisons and surrounding major cities. [end recording]

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Ecuador

Ecuador: Leoro Says Peru Creating 'Problems' in Talks

PY2307005696 Madrid EFE in Spanish 1719 GMT 21 Jul 96

[FBIS Translated Text] Quito, 21 Jul (EFE) — It was reported here today that Peru has created more problems for the talks on a definitive solution to the territorial dispute with Ecuador since the "impasses," or basic problems, were disclosed last February.

Ecuadoran Foreign Minister Galo Leoro said that there are no steps backwards in the negotiations with Peru, and that "Peru has clearly created more problems since the impasses were disclosed" during the bilateral meeting held in Quito on 23 February.

"The impasses cannot be objected to. Now Peru does not want to consider them as elements for negotiation and it is adopting an attitude of resistance," said Leoro in an interview with the morning daily EL UNIVERSO.

Ecuador and Peru are in the midst of negotiations to overcome a border conflict in the Cenepa River valley, which is an inhospitable Amazon region 350 km south of Quito and was the scene of a military confrontation from 26 January to 28 February 1995.

We have to continue the talks because it is impossible "to expect that such an important issue be resolved in a two-day meeting," said Leoro in reference to the recent meeting with his Peruvian counterpart Francisco Tudela in Brasilia.

"It is not a question of Ecuador or Peru trying to impose their positions but the situation indicates that Ecuador has to continue to insist on the advantages of its proposal," said Leoro, who called on Peru to seek a "solution with dignity and justice" to set "the basis of a definitive peace."

Leoro added: "The objective must be centered on a future of peace with the highest level of understanding and friendship among two sister nations."

Peru insists on demarcating 78 km of border without markers, thus preventing Ecuador from having a sovereign outlet to the Maranon-Amazon Rivers while Ecuador proposes solutions to various problems related to the impossibility of implementing the Rio de Janeiro Protocol that was signed in 1942 to establish a new border following a war between the two countries.

Leoro added that in any negotiation the parties must yield in some aspects and that he advocates the need to continue to search for a procedure to be able to negotiate the border impasses, which are the essence of the Ecuadoran-Peruvian controversy.

Leoro said: "The impasses cannot be vetoed, in other words the negotiations must cover all the impasses because we want a global, total, conciliatory, and definitive solution." He added: "We either solve everything or nothing at all, otherwise the problem will remain."

Leoro indicated that the possibility of negotiating the impasses is being favored by the fact that Peru recognized for the first time that there are binational problems.

Ecuador and Peru decided in Brasilia that the talks be held by a five-member delegation behind closed doors, that the frequency of the talks be decided in accordance with the problems to be discussed in the future, and that the objective of the talks is the solution of the territorial impasses.

Paraguay

Paraguay: Visit Shows 'Support' for 'Democratic Process'

PY2307034396 Asuncion NOTICIAS in Spanish 20 Jul 96 p 9

[FBIS Translated Text] Paraguayan Foreign Minister Ruben Melgarejo Lanzoni yesterday emphasized the upcoming visit of the U.S. under secretary for Latin American affairs, Jeffrey Davidow. He confirmed that Davidow will arrive in our country on 13 August. The Paraguayan foreign minister pointed out that Davidow's visit represents support for our country's democratic process. He made these remarks after meeting with Chamber of Deputies leaders.

Melgarejo Lanzoni noted: "The presence of friends is always supportive. We feel comforted whenever friends come to visit us."

The Paraguayan foreign minister pointed out that Davidow's visit will be used to update Paraguay's agenda with the United States.

Melgarejo Lanzoni said: "We are aware of the significance of the presence of the new U.S. under secretary for Latin American affairs; Mr. Alexander Watson is leaving to discharge other duties and Mr. Davidow is being installed."

The minister said: "His presence here will permit us to update our bilateral agenda with the United States. His presence will especially allow him to participate in the anniversary of Asuncion's foundation. He will have the chance to get to know Paraguay and spend these days with us."

The foreign minister pointed out that after Davidow arrives in our capital, the Paraguayan Government will supply him with some recommendations that can be

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incorporated into our future relationship. Melgarejo Lanzoni said: "We will be showing him what we are planning to do jointly in the future."

Relations With Deputies

The foreign minister met Chamber of Deputies leaders. He announced a new relationship with the Chamber of Deputies Foreign Relations Commission so as to promote a state policy for enhancing the diplomatic career in our country.

Paraguay: Commentary Applauds U.S. Ambassador's Silence

PY2207144896 Asuncion ULTIMA HORA in Spanish 19 Jul 96 p 29

[Commentary by Adrian Cattivelli Taibo: "Robert Service's Silence"]

[FBIS Translated Text] A few days ago U.S. Ambassador to Paraguay Robert Service told reporters accredited at the Foreign Ministry that for the time being he would abstain from making declarations to the news media in view of the negative repercussions that they had for Paraguayan public opinion. Congratulations.

His fellow countryman James Monroe said sometime during the last century that America had to solve the problems of America, thus establishing a very elemental doctrine of self-determination. Now we must say that Paraguay must solve Paraguayan problems: just like that, without interference or meddling.

The skillful diplomat seems to have realized that our public opinion had started to become saturated with his daily statements about which measures our country should adopt to become a paradise on earth, or something similar to the much talked about American dream. He meant that, obviously, but without saying so directly.

Nothing was left unaccounted for. We were told how to do everything, from who should preside over this or that state organization, to how the nation should face its democratic future, how it should fight drugs, car trafficking, money laundering, and other trifles or problems about which we were always being advised.

In Spanish, interference is the act of interfering, which in real Spanish we call meddling. In this case meddling means interference in another country's affairs, resulting in actions through which a person tries to influence or pressure another party. At least that is what the dictionary Salvat says.

The wise book goes on to say that interference cannot be accepted as a matter of principle by international laws, because it would mean negotiating the unconquerable right of sovereignty, which is the essential element in a state's existence, and because it would deprive nations of their independence to the benefit of other, more powerful nations.

Further comments are not necessary.

But we do not want to sound extreme. We accept suggestions, assistance, and cooperation capable of helping the nation achieve its much desired development, but always based on our national interests. Impositions can only bring about rejections, while sincere and impartial friendship helps.

Peru

Peru: Government 'Studying' Leoro's Statement on Talks

PY2307010796 Lima Radio Programas del Peru Network in Spanish 1700 GMT 22 Jul 96

[Relay by Alvaro Ugaz]

[FBIS Translated Text] The Peruvian Government is studying Ecuadoran Foreign Minister Galo Leoro's recent statement to interpret what he meant when, referring to the Ecuadoran-Peruvian dispute, he said: We negotiate everything or nothing at all.

Peruvian Foreign Minister Francisco Tudela said that Peru intends to express its concern to the Ecuadoran delegation during the upcoming meeting in Santiago to be held at a yet unspecified date. Nevertheless, Tudela explained that Peru has already rejected the Ecuadoran proposal of seeking the arbitration of an eminent personality. Tudela said that Peru will not accept this proposal. Furthermore, this was very clearly stated at the last meeting in Buenos Aires.

This is what Peruvian Foreign Minister Francisco Tudela said in this regard:

[Begin recording] [Tudela] We are studying his statement to try to interpret what he intended to say.

[Series of questions indistinct]

[Unidentified reporter, in progress] ...we negotiate everything or nothing at all. Moreover, he said that Ecuador [words indistinct] will request the arbitration of an eminent personality.

[Tudela] Well, Peru has already rejected in Buenos Aires the proposal to seek the arbitration of an eminent personality, as was mentioned by Foreign Minister Galo Leoro. As for the treaties and agreements that guide our bilateral ties, Peru believes that they are absolutely valid. Therefore, it will not proceed to revise them. [end recording]

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In addition, Foreign Minister Francisco Tudela said it is not necessary for the Peruvian Government to respond to the recent statement made by Ecuadoran Foreign Minister Galo Leoro.

Foreign Minister Tudela made this statement after he and Lima Mayor Alberto Andrade Carmona attended the dedication of Braz Dias de Aguiar Park, in the Valle Hermoso neighborhood in Santiago de Surco.

Peru: U.S. Intent Toward Rio Protocol Seen 'Worrisome'

PY2207191496 Lima EXPRESO in Spanish 17 Jul 96 p A31

[Article by Patricio Ricketts Rey de Castro: "A Note of Warning"]

[FBIS Translated Text] Edgar Triveri, EXPRESO's superb Washington correspondent, has just explained some of the reasons why the U.S. Department of State's opinion about the Rio de Janeiro Protocol and the responsibility taken on by the United States as guarantor of this border treaty is quite worrisome.

Triveri's report is invaluable. It warns us against a basic mistake, which could have most serious repercussions at a time when President Bill Clinton has informed us through Luigi Einaudi, the U.S. representative to the group of guarantors, that we must make haste in definitely settling the border dispute [with Ecuador] and that Washington deems it advisable to review its participation in the MOMEP [Ecuador-Peru Military Observers Mission].

In other words, Washington has began to put pressure on Peru and Ecuador. Now, even the most well-intentioned of observers cannot fail to relate this pressure to the U.S. presidential elections. Clinton wants to put an end to the border dispute between Peru and Ecuador in a span of time that is suitable to his own schedule. How? Triveri reveals that, according to a top-ranking specialist from the State Department, the fact of the matter is that on the basis of a subjective and superficial interpretation of the subject, what is being sought is *"to say that Peru is right in what pertains to legal matters, but as far as geographical questions are concerned, Ecuador is right."* In other words, to render the Rio de Janeiro Protocol null and void.

Erroneous Position

According to Triveri, this reasoning is based on a study made for the U.S. Department of State by William Krieg, a former official at this government department. The naked truth is that "for the U.S. official and academic world, Krieg is an unquestionable authority on the border dispute between Ecuador and Peru and the one who lays down the law about this matter." This is what Triveri was told.

The Washington correspondent observes that "Krieg's preponderant role must be due in part to *the fact that Peru has issued no declarations that could be compared with those put forward by Ecuador's Perez Concha* after 1942. This has been a serious omission on the part of Peru, which our column has mentioned on several occasions.

According to the EXPRESO correspondent, Krieg has adopted a critical position on the 1942 border treaty. This stance is altogether erroneous in certain aspects — it compares, for example, the Rio de Janeiro Protocol to the nonexistent Pedemonte-Mosquera accord only to conclude that Ecuador lost a considerable part of its territory. And yet, there are those at the State Department who follow Krieg blindly.

Nevertheless, the important thing is that the stance adopted by the U.S. Government and the Department of State is no longer acceptable because, instead of guaranteeing full compliance with what has been agreed upon in 1942, they are trying to hammer out a new accord.

Inadmissible

Peru has not requested a new accord; nor can it tolerate such a thing. It is not a matter of demarcating the frontier with Ecuador, as the latter wants, but rather guaranteeing the common border which has already been delimited. The United States is not an arbitrator but a guarantor. It cannot invent a function which nobody has entrusted to it.

In any case, Triveri sounds a note of warning. Beware of the pressure that is already being exerted on our country to exact a territorial concession from us! All we can say about this is that we have not faced such a difficult situation since 1942. We ought to be placed on full alert from now until November. The border may be the least dangerous thing — even with the maneuvers organized by [Ecuadoran Army Commander Francisco] Moncayo.

Peru: Congressman Defects To Join Ruling Party

PY2307011696 Lima EL COMERCIO in Spanish 17 Jul 96 p A6

[FBIS Translated Text] Congressman Enrique Pulgar Lucas [Code-Viable Nation] announced on 16 July his decision to join the Change 90-New Majority ruling bloc in Congress, thus accepting an invitation President Alberto Fujimori had made to him. Pulgar accompanied the head of state during a visit the latter made to Paita Port.

It was rumored that Congressmen Dennis Vargas Marin [Code-Viable Nation] and Javier Noriega Febres [Popular Agricultural Front] would also defect from their parties to join the ruling coalition.

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